

33

**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2005-2006)**

FOURTEENTH LOK SABHA

**MINISTRY OF COMMUNICATIONS AND
INFORMATION TECHNOLOGY
(DEPARTMENT OF POSTS)**

*[Action taken by Government on the Recommendations/Observations of the
Committee contained in their Twentieth Report (Fourteenth Lok Sabha)
on 'Functioning and Expansion of Postal Network' of Ministry
of Communications and Information Technology]*

THIRTY-THIRD REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

July, 2006/Sravana, 1928 (Saka)

THIRTY-THIRD REPORT
STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2005-2006)

(FOURTEENTH LOK SABHA)

MINISTRY OF COMMUNICATIONS AND
INFORMATION TECHNOLOGY
(DEPARTMENT OF POSTS)

*[Action taken by Government on the Recommendations/Observations of the
Committee contained in their Twentieth Report (Fourteenth Lok Sabha)
on 'Functioning and Expansion of Postal Network' of Ministry
of Communications and Information Technology]*

Presented to Lok Sabha on

Laid in Rajya Sabha on



LOK SABHA SECRETARIAT
NEW DELHI

July, 2006/Sravana, 1928 (Saka)

C.I.T. No. 155

Price : Rs. 75.00

© 2006 BY LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Eleventh Edition) and printed by Jainco Art India, New Delhi-110 005.

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(iii)
INTRODUCTION	(v)
CHAPTER I Report	1
CHAPTER II Recommendations/Observations which have been accepted by the Government	14
CHAPTER III Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government	37
CHAPTER IV Recommendations/Observations in respect of which the replies of the Government have not been accepted by the Committee and which require reiteration	49
CHAPTER V Recommendations/Observations in respect of which the Replies are interim in nature.....	65
ANNEXURES	
I. Minutes of the Twenty-Third sitting of the Committee held on 30 June, 2006	66
II. Analysis of Action taken by the Government on the Recommendations/Observations contained in the Twentieth Report (Fourteenth Lok Sabha) of the Committee.....	68

COMPOSITION OF THE STANDING COMMITTEE
ON INFORMATION TECHNOLOGY
(2005-2006)

Shri Nikhil Kumar — *Chairman**

MEMBERS

Lok Sabha

2. Shri Nikhil Kumar Chaudhary
3. Shri Mani Cherennamei
4. Shri Sanjay Shamrao Dhotre
5. Kunwar Jitin Prasad
6. Shri Kailash Joshi
7. Shri P. Karunakaran
8. Dr. P.P. Koya
9. Shri P.S. Gadhavi
- ***10. Vacant
11. Smt. Nivedita Sambhajirao Mane
12. Smt. P. Jayaprada
13. Shri G. Nizamuddin
14. Shri Sohan Potai
15. Shri Ashok Kumar Rawat
- ***16. Vacant
17. Shri Vishnu Sai
18. Shri Tathagata Satpathy
19. Shri K.V. Thangka Balu
20. Shri P.C. Thomas
21. Shri Ram Kripal Yadav

* Appointed *w.e.f.* 10.5.2006.

** Nominated *w.e.f.* 27 September, 2005.

*** *Vice* Shri Ajay Maken, Shri Chandra Sekhar Sahu and Shri Ashwani Kumar have been appointed as Ministers of State *w.e.f.* 29 January, 2006.

**** Nominated *w.e.f.* 6.6.2006.

***** Nominated *w.e.f.* 8.6.2006.

Rajya Sabha

22. Shri Vijay J. Darda
- ****23. Shri Rajeev Chandrasekhar
- ***24. Vacant
- ****25. Shri Praveen Rashtrapal
26. Shri Dara Singh
- **27. Shri A. Vijayaraghavan
28. Shri N.R. Govindraj
- ****29. Shri Ravi Shankar Prasad
30. Shri Motiur Rahman
31. Shri Ekanath K. Thakur

SECRETARIAT

1. Shri P. Sreedharan — *Joint Secretary*
2. Shri Raj Shekhar Sharma — *Director*
3. Shri Hoti Lal — *Assistant Director*

INTRODUCTION

I, the Chairman Standing Committee on Information Technology (2005-06) having been authorised by the Committee to submit the Report on their behalf, present this Thirty-Third Report on Action Taken by Government on the Recommendations/Observations of the Committee contained in their Twentieth Report (Fourteenth Lok Sabha) on 'Functioning and Expansion of Postal Network' of Ministry of Communications and Information Technology (Department of Posts).

2. The Twentieth Report was presented to the Lok Sabha and laid in Rajya Sabha on 13 May, 2005. The Ministry furnished Action taken Notes on the Recommendations/Observations contained in the Report on 14 September, 2005.

3. The Report was considered and adopted by the Committee at their sitting held on 30 June, 2006.

4. For facility of reference and convenience, the Recommendations/Observations of the Committee have been printed in bold letters in the body of the Report.

5. An analysis of Action Taken by Government on the Recommendations/Observations contained in the Twentieth Report (Fourteenth Lok Sabha) of the Committee is given at Annexure-II.

NEW DELHI;
18 July, 2005
27 Asadha, 1928 (Saka)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

CHAPTER I

REPORT

This Report of the Standing Committee on Information Technology deals with action taken by Government on the recommendations/ observations contained in their Twentieth Report (Fourteenth Lok Sabha) on 'Functioning and Expansion of Postal Network' of Ministry of Communications and Information Technology (Department of Posts) which was presented to Lok Sabha/Rajya Sabha on 13 May, 2005.

2. The Report contained twenty recommendations/observations. Action Taken Notes have been received from the Government in respect of all the recommendations/observations contained in the Report. These have been categorised as follows:—

- (i) Recommendations/Observations which have been accepted by the Government:—

Recommendation Nos:—1, 3, 8, 10, 13, 15 and 16 to 20

Total : 11

Chapter-II

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:-

Recommendation Nos:—2, 9, 12 and 14

Total : 04

Chapter-III

- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:—

Recommendation Nos:—4, 5, 6, 7 and 11

Total : 05

Chapter-IV

- (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:—

Recommendation No:—Nil

Total : Nil

Chapter-V

3. The Committee trust that utmost importance would be given to the implementation of the Recommendations/Observations accepted by the Government. In cases, where it is not possible for the Department to implement the Recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation.

4. The Committee will now deal with action taken by the Government on some of their recommendations.

Utilisation of Retailing Capacity

Recommendation (No. 4)

5. Emphasising the need for optimising utilisation of the retailing capacity of the rural postal network in the country, the Committee had recommended as follows:—

“The Committee observe that there are 1,39,280 Branch Offices in the country as on 31.3.2004. They are mostly in rural, hilly and tribal areas. The impact of technology and the presence of competitors for providing communication and remittance facilities in these Branch Offices is either marginal or non-existent. The Department has justified that the low level of opportunities for income generation activities in these rural areas does not help to promote any demand for postal services and the Department continues to open the BOs with a view to fulfil its universal service obligation to help socio-economic development.

The Committee are not at all impressed by the justification given by the Department of Posts in this regard and feel that there is enough potential for income generation in the villages which needs to be explored. The Committee are of the opinion that the non-existence of other competitors makes the job of the Department all the more easy and responsive to the needs of Postal and allied services in the rural areas. The Government is implementing the ‘Common Minimum Programme’ at present, and is constantly focusing on providing more facilities and services to the rural areas. The postal network is the ideal delivery mechanism, which can render services right upto the doorsteps of the customers. According to the Committee, this concept is not new with the postal Department. The Committee are of the strong conviction that the Branch Offices can do much more with little initiative by the Department by seriously planning and co-ordinating with other Government Departments and get the business through strategic

alliances. The Post Office should become a hub for dispensing variety of services to the people in the far-flung areas. The Committee, therefore, desire that new avenues in all the 1,39,280 BOs be explored and a fresh environment be created wherein officials are motivated and made sensitive to the issues of developing more business for the Post Offices. The Committee also feel that DoP should elicit public opinion from Panchayats and villages to know the actual requirement of the people with regard to the variety of services rendered by the Post Offices at the grass root-level which will help them in the optimal and efficacious utilization of the network. Thus, the postal department can achieve the goal of becoming a commercial organization doing good business alongwith enabling the DoP to come out of the debt trap and also fulfilling its universal service obligation in rural areas with pride. The Committee would like to be kept informed of the progress made in this regard periodically."

6. The Department of Posts, in their action taken reply have stated as under:—

"The efforts being made by the Department to enhance the business/revenues in BOs have been elaborated in response to Recommendation No. 2. The Department has also taken up with Cabinet Secretariat the need to use this network more optimally, and the latter have set up an inter ministerial Committee to *inter-alia* address this issue also. Recently the Department made a presentation to the National Commission for Informal/unorganized sectors, elaborating upon the capacity of the network to provide a wide array of services. The possibility of providing some services through the postal network to these segments of the population are being explored.

A study undertaken by the Planning Commission on the rural network identified the additional products that were in demand in villages. These include: bill collection *viz.* telephone, electricity, water and other such utility bills, banking services, agricultural credit, insurance—life, health, crop, agro services, literacy functions etc. This study also, *inter-alia*, brought out the fact that the level of revenue generation in a BO is dependent on the efforts made by the BPM.

Unfortunately, there is very little incentive in the existing model of providing services through EDBOS/SOs to generate business. If a BO exceeds 5 hours of workload, it will get converted into a DSO and the GDS BPM will be reduced to the level of GDS packer in

the same office. Thus, there is an in-built disincentive to increase business, as the GDS BPM can retain his position and continue to avail of his allowances only if the office does not generate workload beyond a certain level. Therefore, there is a need to change this model if EDBOs/SOs are expected to generate more business revenues. Simultaneously, all avenues are being explored to generate more revenues."

7. The Committee note that the Department have taken up the matter of optimising utilisation of the retailing capacity of the rural postal network in the country with the Cabinet Secretariat and the latter have set up an inter-ministerial Committee to *inter-alia* address the issue. The Committee also note that a study has been undertaken by the Planning Commission on the rural network for identifying the additional demand of products in villages *i.e.* collection of telephone, electricity, water bills and other such utility bills, banking services, agricultural credit, insurance—life, health, crop, agro services, literacy functions etc. This study has brought out the fact that the level of revenue generation in a Branch Office (BO) depends on the efforts made by the Branch Post Master (BPM). However, the Department of posts believe that there is very little incentive in the existing model of providing services through EDBOS/SOs to generate business. As pointed out by the Committee in their earlier Report and recognised by the study undertaken by the Planning Commission, there is enough potential in the rural areas which needs to be effectively explored to generate more income. What is required, therefore, is for the Department of Posts to re-invent themselves to meet the changing demands of the time. The Committee would, therefore, like the Department of Posts to have a re-look into the present model of Extra Departmental Branch Offices (EDBOs)/Sub-Offices (SOs) to make it more compatible to the present situation keeping in view their universal obligation to help socio-economic development in rural, hilly and tribal areas. The Committee would like to be informed of the precise steps taken in the matter.

Universal Service Obligation

Recommendation (No. 5)

8. Commenting on the need for involving the private couriers in meeting the Universal Service Obligation, the Committee recommended/observed as under:—

"The Universal Service Obligation that the Government has to fulfil through the Postal Activities *via* the Department of Posts is to

provide basic postal services throughout the country, irrespective of terrain at an affordable price. In meeting this requirement the Department has set up 1,55,837 Post Offices in 1,20,048 Panchayats. Another 1,23,014 Gram Panchayats are awaiting that vital link today.

In fulfilling the USO the Government have been providing subsidy continuously and will do so in future. A large work force constituting 5,65,922 employees is serving the nation to provide postal & allied services. According to the Department, the cost of running these establishments consumes upto 96% of the budgeting provisions of the Department. The Department's revenue deficit for 2004-05 is stated to be approximately Rs. 1600 crore. The Committee feel that one of the commendable measures adopted by the Department for expansion of further POs is the redeployment of manpower and demanding no plan budgetary support for extra manpower. The other measure being adopted is making genuine efforts to downsize the work force and simultaneously technologically upgrading the Department to meet the competition from communications.

According to the Committee steps should be taken by the Department to include the private couriers in discussions and evolve a process by which the private courier could help the Government in meeting the universal service obligation in an effective manner."

9. The Department of Posts in their action taken reply stated as follows:—

"Universal Service Obligation requires the Department to provide affordable postal services within easy access as per approved norms. Daily delivery of dak, collection of mails through letter boxes and provision of basic postal facilities through outlets are all part of this Universal Service Obligation and the Department strives to meet this obligation even in the remotest parts of the country irrespective of economic implications on the basis of approved norms. These norms allow for substantial subsidy to the extent of 66²/₃% in normal rural areas and 85% in hilly, tribal, inaccessible and desert areas, to be provided for opening new post offices. The IPO Act, 1898 also entrusts the exclusive privilege for carriage of letters to the Department. Hence the Department has a legal obligation to ensure access to postal facilities throughout the country. Private Couriers provide services where they are able to generate a profit and provide services at a cost that the market

can afford. Therefore, as the market develops, and socio-economic conditions allow more generation of revenues, the couriers will seek a niche in these areas.

The department is currently competing with private couriers for the more creamy segments of the market, to generate revenues to cross-subsidise its Universal Service Obligation. In this commercial aspect of the Departments operations, there is no scope for dialogue with its own competitors as these are not segments where the commitment towards fulfilling USO is involved.

Any support from private couriers towards fulfilling the USO in such areas will be forthcoming only if they are made liable to do so as per legal requirements. For this suitable statutory provisions would need to be provided.”

10. The Committee appreciate the twin role played by the Department of Posts. On the one hand, they are fulfilling Universal Service Obligation by providing basic postal services throughout the country irrespective of difficult terrain at an affordable price and, on the other hand, they are competing with the private couriers for the more creamy segment of the market, to generate revenues to cross-subsidise their Universal Service Obligation. The Committee note the Department’s submission that in the commercial environment there is no scope for dialogue with its own competitor *i.e.* private couriers etc., as they are not committed towards fulfilling USO. However, at the same time, it is also a fact that the private couriers are in a way supplementing the work of the Department of Posts in the urban areas by delivering letters in time at a cost that the market can afford. Considering the above aspects, the Committee would like the Government to evolve some kind of process so that the private couriers are also involved in servicing the rural and hilly areas by which they could help the Government in meeting the Universal Service Obligation in an effective manner. The Committee would like the Department of Posts to report the progress made in this regard from time to time.

Consolidation Plan/Rationalisation of Network

Recommendation (No. 6)

11. Emphasising the need of consolidation and rationalisation of the existing postal network, the Committee had observed/recommended in their earlier Report as follows:—

“The Committee are informed that out of 26,186 departmental post offices in urban and rural areas, approximately 57% *i.e.* 14,926

departmental post offices are running at losses. Out of these 14,926 post offices, 1,030 single handed and double handed branch post offices in 43 major urban centres with a population of over 7 lakhs are running at losses. The major reason attributed by the Department of Posts to these losses are fall in mail traffic and availability of alternative modes of communication.

The Post Offices in the urban sector are incurring losses even though they are required to be financially self-sufficient alongwith earning some profit. Many of the Post Offices for historical reasons are located at less than the distance allowed as per policy for setting up of the post offices in urban areas. As regards the post offices situated in rural areas, particularly extra departmental post offices which are located in close proximity to each other than permissible under the norms for various historical reasons are also going into losses.

The Committee are of the opinion that single handed or double handed branch post offices are incurring losses because sufficient business is not available to them in their area of operation to cover for the salary of the employees, rents, taxes and other overheads. It is, therefore, necessary that such post offices in the rural as well as urban areas should be located and merged into other post offices which are in their close proximity. In other words, consolidation of post offices in the rural and urban areas is the order of the day. In this connection, the Committee would like to be informed about the roadmap to the process of consolidation and also like to be provided with a list of post offices which have been merged into other post offices in the urban as well as in the rural areas.

The Committee feel that Department should realise the need of the hour as new environment is coming up with new technological advancements. They, therefore, trust that Department will come up with a clear-cut consolidation plan keeping in view the reliability of the postal networks, aspirations of the urban customers needs by not compromising with the quality and reliability of the services. The Committee, therefore, desire that the major issues like re-deployment, use of technology, outsourcing and franchising and serving to underserved areas with financial viability will also be rightly addressed in the consolidation plan of which roadmap is to be completed by the Department of Posts. The Committee would like to be apprised of the progress made by the Department in this regard."

12. The Department of Posts in their action taken reply have stated as under:—

“One of the main concerns of the Department while undertaking this exercise of rationalising the network is to ensure that any consolidation/rationalisation that it undertakes should not result in reduction in the access that customers currently have to post office facilities, as per approved norms. Therefore, the strategy/ Plan evolved by the Department for rationalising its network includes the following elements: (1) first redeploy manpower to the extent possible to open new post offices so that losses in existing post offices are reduced to that extent. This strategy has been under implementation for the last 5 years and post offices have been opened in this manner from 2000-01. (2) Relocate/merge post offices, which do not meet the current distance norm. In the case of single/double handed post offices in urban areas this has been under implementation from 6/1/03 while in the case of BOs in rural areas, orders were issued only on 28/1/05. So far 172 post offices have been merged, 56 have been relocated to new, justified locations in 2004-05. Details of post offices merged as on 31.3.2005 is annexed. (3) In underserved areas like the N.E., to help sustain existing levels of communication facilities, the Department has proposed to the Planning Commission the need to support NRC post offices, which would have been otherwise downgraded. (4) Given the public resistance to shifting existing post offices in certain locations, despite the availability of another post office within the distance norm, and also to expand the network in a self sustainable manner without the restrictions faced in the past, the Department is in the process of bringing out a franchise model which will also have a technology component *i.e.* computer facilities, wherever extent possible. A formal consolidation Plan will be drawn up in consultation with Circles once the franchise schemes is firmed up.”

13. The Committee note that the Department of Posts have undertaken the exercise of consolidation/rationalising the network in such a way, which will not result in reduction in the access that customers currently have to post office facilities, as per approved norms. The Committee further note that a formal consolidation Plan would be drawn up in consultation with Circles once the franchise scheme is firmed up. The Committee, therefore, recommend that the major issues like re-deployment, use of modern technology, outsourcing, franchising and serving underserved areas with financial viability should be rightly addressed to in the consolidation plan. The Committee would also like to be apprised of the progress made in this regard.

Modernisation and upgradation of technology

Recommendation (No. 7)

14. Stressing the need for the induction of modern technology, the Committee in their earlier report had recommended as follows:—

“The Committee note that the ‘Expert Committee on Excellence’ in Postal Services has emphasised the need for the induction of technology in various Postal mail and agency functions with a view to transform the traditional Postal Services into a modern high technology service. The Committee are happy to note that the Department has taken the recommendations of the Expert Committee in the right spirit and has allocated 79% of its 10th Plan Budget towards modernisation and upgradation of technology. In the implementation process the Department have started installing Multi Purpose Counter Machines, Satellite money order network with VSATs and ESMOs in the Post Offices. The Department have also introduced electronic franking machines in large offices, computerized saving banks operation, postal life insurance operations and has improved stamps and seals in a phased manner.”

15. The Committee further note that in the wake of economic liberalisation and competition, the Department have set up separate directorates for promoting PLI, Business Development and Parcel and Logistics. More than 500 Head POs have been placed in the LAN environment upto X Plan. During X Plan the Department has a proposal to link these POs and also the set of new POs to be computerized through virtual private network to a centralized data centre. The Department has computerised 506 Head Offices, 1266 Sub POs and 69 Centres etc. apart from taking care of core postal transactions, such as booking of registered articles, money orders, acceptance of bills. These machines are also used in various financial services including savings bank operations. The Committee further note that a pilot project for satellite Money Order Scheme—SATMO was executed in the VIII Plan by installing VSATs in POs which is a quick transmission of MOs instead of traditional mode of payment/transmission of money order, but this facility has not made much headway as only 10% of the MOs are transmitted through VSATs. The Committee feel that there has been dismal feedback regarding the reliability of the VSAT transmission facility and desire that the Department should take concrete steps to popularise and streamline the scheme so that VSATs are utilized to their optimum capacity.

16. The Department in their reply have stated as under:—

“The Department of Posts started computerizing its post offices from the early 1990s. The objective of computerization and networking of post offices is to improve the quality of service. The Government has approved a plan for induction of computers in 845 Head Post Offices (HPOs) and 245 major Postal Administrative Offices (AOs) during the 10th Five Year Plan with a financial outlay of Rs. 836.27 crore. The scheme was approved by CCEA in January, 2004. The Department has been able to utilize most of the funds allocated in 2004-05 for computerization and networking of post offices. An amount of Rs. 116.53 has been spent for computerisation of post offices in the financial year 2004-05. During 2004-05, 839 HPOs, 1533 SOs, 34 AOs and 19 PAOs have been computerised. In 2005-06, the Department proposes to computerise more than 3400 SOs. By obtaining special permission from the Ministry of Finance, the Department has placed purchase order at DGS & D rate contract for supplying computers and peripherals in respect of 2860 post offices for the year 2005-06. On finalization of the new DGS & D rate contract for computers. The Department will computerize the balance post offices as envisaged in the Annual Plan for 2005-06.

Money Order Transmission through VSAT Network:

Money orders intended for destinations outside the district of origin are required to be transmitted through the VSAT network. The technology inducted in the 8th Plan was upgraded to provide for High Speed Transmission technology in the 9th Plan. This caused service problems. These problems have since been sorted out and efforts are underway to optimise this network, and ensure speedy delivery of money orders. The functioning of the VSAT system is being monitored on a daily basis at the Circle and Directorate levels.

A latest version of the VSAT money order software (version 4.2) has been provided to Circles, which has special provisions to enable effective monitoring and provide value additions. The critical areas resulting in complaints about VSAT money orders have also been identified and corrective action initiated. One of the main problems was in respect of non-receipt of acknowledgements. In 2003-04, complaints on account of non-receipt of acknowledgements were 54% of the total money order complaints. The concerted action taken in this regard has resulted in drop in percentage of complaints on this account to 47% in 2004-05. Currently, on an average, 60,000 money orders are transmitted through VSAT

Network for 150 VSAT stations and 1350 Extended Satellite Money Order stations. However there have been occasions when the quantum of Money Orders sent through VSAT have touched 95,000/day thereby confirming the system's ability to handle the projected volume of traffic."

17. The Committee note that the Department proposed to computerise more than 3400 SOs in 2005-2006 by obtaining special permission from the Ministry of Finance. The Department are stated to have placed purchase order at DGS&D rate contract for supplying computers and peripherals in respect of 2860 post offices for the year 2005-06. On finalisation of the new DGS&D rate contract for computers, the Department of Posts are going to computerize the balance post offices as envisaged in the Annual Plan for 2005-06. The Committee trust that the Department of Posts will lay due priority for modernisation of Technology with a view to improving the quality of service. The Committee would also like to be informed about the progress made in the computerisation process so far.

18. The Committee find that Money Orders intended for destinations outside the district of origin are required to be transmitted through the VSAT network. The technology inducted in the 8th Plan was upgraded to provide for High Speed Transmission technology in the 9th Plan. This caused service problems which have been sorted out and efforts are underway to optimize this network and ensure speedy delivery of money orders. The functioning of the VSAT system is being monitored on a daily basis at the Circle and Directorate levels. The Committee also note that a latest version of the VSAT money order software has been provided to Circles, which has special provisions to enable effective monitoring and provide value additions. The critical areas resulting in complaints about VSAT money orders have also been identified and corrective action initiated. The Committee desire that the Department should take concrete steps to popularise and streamline the scheme so that VSATs are utilized to its optimum level and the complaints made by the public in this score are effectively brought down.

Franchising Scheme

Recommendation (No. 11)

19. Commenting on the proposed introduction of franchising as a strategy for future expansion of the postal network, the Committee observed the following:—

"The Committee have been informed that the Department has a proposal for introducing franchising as a strategy for future

expansion of the network. This model will focus on unemployed youths in rural areas, while in the urban and semi-urban areas the scheme will cover the retired employees of the Department among other eligible categories. Such POs will be centred around basic postal services, including value added services, bill collection facilities as well as retailing services on behalf of other organisations. The concept of franchising has evolved because the whole gamut of services could not be provided in the PSSKs which dealt with limited services ranging from stamp and stationary sale to registration of letters only. Further, space is a major constraint in newly emerging urban areas where post offices are not justified as per norms. Franchising would help revenue earning to the Department on the one side as well as giving employment to youth in these areas.

As regards the rural areas the department have stated that it will help cater to segments, which do not justify a post office on population and income norms, despite fulfilling distance norms. It would speed up the computerization process in the rural areas because the franchisee could avail of credit facilities from institution and also from other resources like the USO Fund of the DoT, the provision of urban facilities in rural areas (PURA) scheme which will otherwise take a long time if the DoP goes about it on its own.

The Committee are informed that the proposal of franchising is before the Ministry of Communications & I.T. (DoP) for approval. The Committee are happy that the DoP has shown great interest in the scheme and is finding out ways to earn more revenue and get out of the deficit by thinking purely on commercial lines. The Committee at the same time desire that DoP in coordination with DoIT should explore the avenues of setting up of Franchisee Post Offices in Information Kiosks in the States. In this connection, the Committee would not put in a word of caution that before taking a plunge in to franchising the DoP should weigh all the pros and cons in this regard. The Committee would also like to be apprised of the views of the Department before they actually go in for implementing the scheme."

20. The Department of Posts in their action taken reply have stated as under:—

"The final response of Department of Information Technology of this Department's proposal to use post office as one of the nodal

points for its community service delivery centres is awaited. The draft guidelines however indicate that there is no provision to include post offices in this scheme except where no other alternative is available. The Mid Term Appraisal of the 10th Plan also speaks of using post offices for further e-governance initiatives. The Department recognizes the fact that harnessing technology in these rural post offices will enhance their capability to provide services that are relevant to the needs to customers (e.g. information needs, speedier and more efficient financial services etc.) and thereby enhance the revenues. This is also a crucial factor in developing a self-sustainable model in franchising postal services. Hence, these aspects are all being taken into consideration when formulating the franchise model, and will be finalized only after consultation with Ministry of Law etc., wherever required. The Department will apprise the Committee of the Scheme once it is firmed up.”

21. The Committee find that the final response of the Department of Information Technology to the proposal of the Department of Posts to use Post Office as one of the nodal points for their community service delivery centres is awaited. The Mid Term Appraisal of the 10th Plan also speaks of using Post Offices for further e-governance initiatives. The draft guidelines, however, indicate that there is no provision to include Post Offices in this scheme except where no other alternative is available. The Committee trust that the potentials of Post Office in the scheme will be duly considered and suitably incorporated in the final guidelines.

22. The Committee also note that the Department of Posts are considering various issues like information needs, speedier and more efficient financial services etc. while formulating the franchise model, which will be finalized after consultation with Ministry of Law. The Committee desire that the Department should expedite the matter and they be apprised of the progress made in this regard.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (No. 1)

National Postal Policy

The Committee note that to provide cost effective and efficient Postal Services to the people at large a need for 'National Postal Policy' was felt by the Government as far back as in 1992, when in pursuance of discussions held in the Consultative Committee of the Ministry of Communications formulation of the Policy was taken up. In their Fourteenth Report (11th Lok Sabha), the Committee had adversely commented on the inordinate delay by the Government in formulation of the 'National Postal Policy'. Further, the Committee were informed that the 'Consultative Committee' attached to the Ministry of Communications at their meeting held on 5th February, 1999 discussed the 'Draft National Postal Policy' and also made certain suggestions regarding expansion of postal services in rural areas, induction of modern technology, private sector participation in provision of postal services, remunerative pricing and giving enhanced functional autonomy to the Department. The Committee regret that the policy paper is still under reformulation.

The Committee are deeply concerned over the long delay in formulation of 'National Postal Policy' which is hanging fire since 1992. They also deplore the delay of more than 6 years in reformulating the draft policy in the light of the suggestions made in the Consultative Committee meeting held in February, 1999. In the opinion of the Committee, a comprehensive Policy will give a meaningful direction to the Department for fulfilling its obligation to the people at large as well as to the Nation, therefore they feel that it is all the more necessary to bring out the 'National Postal Policy' without further loss of time.

In view of the above and also the beautiful vision for Resurgent India Post outlined by the Hon'ble President during his address at the inauguration of the sesquicentennial celebration of India Post, the Committee strongly urge upon the Department to formulate the policy at the earliest in order to meet the challenges of the modern day competitive environment, revenue deficit of the Department and

Universal Service Obligation of the Department etc. They feel that the nation should not be further deprived of the benefits of the Policy, which will accrue to the people. The Committee would like to be constantly kept informed about progress made in regard to finalisation of the National Postal Policy in a fixed timeframe.

Action Taken by the Government

The Department takes note of the concern expressed by the Standing Committee regarding the need to bring out a national Postal Policy at the earliest.

In this context it is clarified that the Department is in the process of updating the provisions of the Indian Post Office Act, 1898 to make it more relevant to the times and empower the Postal Services Board so that the Department enjoys more functional autonomy. The Government has also recognised the need to clearly identify the Universal Service Obligation and the cost of fulfilling it, which is presently included as a part of the Department's budgetary deficit/loss, and examine the scope for providing explicit subsidy to support these activities. A major exercise to review the system in terms of structure, products, processes, resources, accounting and pricing structure, technology requirements, etc., is also underway to identify how best the Department can meet the twin challenges of becoming commercially viable while continuing to fulfil its Universal Service Obligation. This is being done through an Inter Ministerial Group set up by the Cabinet Secretariat and through a professional consultant engaged for this purpose.

The inputs from these initiatives are required to reflect the Government's stand on a number of crucial issues that are an integral part of any National Postal Policy. These include (1) definition of Universal Service Obligation (USO) and the products and services to be covered under it; (2) the cost of providing this USO and the manner of funding it; (3) the regulatory mechanism to ensure level playing field among competitors in the non-USO segment to ensure transparency in the accounting of support given for USO; (4) inputs for deciding on the framework for ensuring the gradual opening of the controlled market to competition and the role of private service providers in USO; (5) the pricing strategy; and (6) the roadmap for future development of the Department by leveraging its assets and achieving financial self-sufficiency. The report of the Inter-Ministerial Group and the consultant are expected by end-October, 2005. Efforts are being made to place the IPO Act Amendment Bill in Parliament after approval of Cabinet in the Winter Session. The drafting of the National Postal Policy will be taken up once the reports of Inter-

Ministerial Group and the consultant are available as it will help the Department to reflect its long term goals and strategies in the policy in line with the data generated through these initiatives.

Recommendation (No. 3)

Tenth Five Year Plan

The Committee are concerned to note that Department of Posts (DoP) had proposed an outlay of Rs. 3689.13 crore for the Tenth Plan period and the same has been drastically reduced to Rs. 1350 crore, as a result of which the Department has been forced to curtail the outlay on almost all its important schemes. Outlay for the Expansion of Postal Network has been reduced to Rs. 37.27 crore from the projected outlay of Rs. 41.25 crore which itself was miserly projected *vis-a-vis* the task ahead. On computerization of Post Offices, projections have been reduced by more than fifty percent *i.e.* from Rs. 1,876.71 crore to Rs. 836.27 crore, which made the DoP to scale down the computerization process to merely 150 post offices against original projection of 5000 post offices. Similarly on important schemes like upgradation of customer care centres, modernization of operative/working systems, upgradation and promotion of philately, training, development and designing of work sites, substantial reduction has been made in the proposed outlay which is bound to affect the schemes adversely.

The Committee in their earlier reports on Demands for Grants pertaining to DoP have been very emphatic about providing adequate financial allocation to the Postal Department, as it has remained one of the most neglected Department. According to the Committee, such allocations have become more imperative for the Department in order to move at a rapid pace of modernization and technology upgradation. The Committee feel that absorption of the modern technology by the Department in the present competitive, liberalized and technologically advanced scenario, would greatly assist the Department to come over their huge revenue deficit quickly, which is accumulating over the years.

The Committee therefore, impress upon the DoP to take up the issue of adequate financial support to them with the Government at the highest level so that it is able to achieve twin benefits of modernizing itself speedily to face the competition confidently and maintaining its confidence with the people by serving them in a qualitative manner.

Action taken by the Government

The concern of the Committee about the need to invest in technology to compete with other service providers in this liberalised, technologically advanced scenario and to reduce the revenue deficit at the earliest is noted. The Department shares this concern, which is why over 79% of the funds allocated in the 10th Plan is earmarked for modernising and computerising the postal system. Today, even as the Department is making all out efforts to utilise these Plan funds and achieve the physical targets, overcome shortfalls in the initial years due to delayed start in implementing the computerisation and technology induction programmes, every effort is being made to seek additional funds to fully computerise all Departmental post offices. For this purpose, an additional sum of Rs. 625 crore has been sought from the Planning Commission. MoC&IT has also written to the Prime Minister and also to Deputy Chairman, Planning Commission, seeking this additional allocation at the earliest to obtain the maximum benefit in terms of efficiency and productivity from computerisation.

Recommendation (No. 8)

Speed Post

The Committee note that there have been substantial growth in the Speed Post business of DoP from 1997-98 onwards. The revenue of Rs. 77.95 crore earned in 1997-98 has increased to Rs. 298.00 crore in 2003-2004. Although, the projected revenue of DoP for the year 2004-05 is Rs. 514.29 crore, but the overall market share of the Speed Post Business is only 10% (approx.), which according to the Committee is abysmally poor as compared to the express market.

The Committee are highly perturbed to note that in spite of the efforts made by the Department like upgradation of the Speed Post Service through internal track and trace system, induction of technology, mechanization of delivery, monitoring of quality, focus on customers, book now pay later scheme and discount to corporate customers and major chunk of the business, *i.e.* ninety per cent of the express market is still being controlled by the courier service. The Committee feel that with such a huge network alongwith other facilities available with the Department, it should be able to capture a larger share by introducing better marketing strategies. The Committee further feel that Speed Post Services can be made self-sustaining by prudent handling and with the help of technology induction, the Department of Posts can further improve the business products by enhancing the quality of service and providing customized service to different segments of the population.

The Committee also find that the charge of the Speed Post for local mails and long distance mails are almost at par, whereas the private couriers charge less for local mails. Further, the Department is facing problem of securing assured transportation for their mail, which may be the reason for the business going to the private couriers. In the opinion of the Committee the Department should explore possibilities of partnership with the private sector for assured transportation or look into the possibility of having their own dedicated transport for increasing efficiency and optimising costs.

The Committee, also desire that the flexibility in operation alongwith quick decision-making with regard to the fixation of price through delegation of power to the circle levels may be looked into.

Action Taken by the Government

In its Speed Post business, the Department has continued to focus on induction of technology and better marketing efforts to promote the product, improve efficiency and provide more value additions to customers. Since 2003-04, Speed Post offices have been upgraded in 82 Speed Post centres and 188 Booking offices of Speed Post centres while 215 booking offices and 307 delivery offices have been computerised. Efforts are underway to computerise the remaining offices handling Speed Post operations in order to increase the network of track and trace. This will help the Department to give the delivery status of Speed Post articles to customers expeditiously, resulting in increased customer satisfaction. Speed Post facilities have been expanded to 37 more centres. To improve the quality of service, a system of Quarterly Complaint Analysis has been introduced from April, 2005 which helps to identify areas requiring improvement. The field units are asked to take corrective action and also to provide skill enhancement to staff to meet customer aspirations.

The Department is also offering customised solutions based on the requirement of the customer. Tailor made solutions have been made available to UPSC, SSC, IGNOU, SBI, etc., and Heads of Circles have been authorised to approve business packages in consultation with their IFAs. As a result of this, the revenues from Speed Post touched Rs. 354 crore in 2004-05, showing growth rate of 19%, which is more than the estimated growth rate of the express market—estimated to be around 17.5% per year according to Kurt Salmon and Associates report 2000-2001.

Efforts are also being made to improve the marketing of Speed Post. In the current year, a provision of Rs. 4.5 crore has been provided

for promotion of various premium products including Speed Post as against Rs. 2 crore in the previous year. The following measures are proposed to be taken for promoting the product: (a) Publicity efforts in the electronic as well as print media; (b) Market intelligence is being gathered on Speed Post pricing, rebate, commission, etc., offered by private courier. The market survey is slated for the year 2005-06; (c) A premium Speed Post service is proposed to be introduced which will be offered to corporate customers, who would have to pay a premium for getting better services. This Premium Service may be introduced in the financial year 2005-06; (d) A media plan on the lines used by other services like DHL is being prepared for promoting premium products like Speed Post; (e) Internal marketing of Speed Post is also being carried out.

The Department is also currently engaged in an exercise to rationalise Speed post pricing. As far as improving transportation of Speed Post articles is concerned, action is underway to enter into agreement with private transporters for assured transportation of consignments under Logistics Post. Once this system is put in place and tested, this transportation facility could be used for expedite Speed Post articles wherever it is found to be advantageous. The possibility of having the Department's own transportation arrangements, especially in areas like the NE, to ensure timely delivery of time sensitive mails is also being explored.

Recommendation (No. 10)

Panchayat Sanchar Sewa Kendras

The Committee note that the Panchayat Sanchar Sevak Kendras (PSSKs) were opened with the sole purpose of providing cheap means of postal facilities in rural areas. They also observe that the opposition of staff unions to this scheme was not the sole reason for its failure. The major reason for failure of the PSSKs Scheme appears to be the lack of interest shown by the panchayats.

The Committee are informed that in pursuance of an intensive exercise carried out by the Department, they have been able to pin-down some of the reasons for the failure of PSSKs. Amongst these reasons, are the lack of interest of the gram panchayats, lack of providing suitable accommodation and infrastructure equipment to the Panchayat Kendras, frequent changes in the PSSKs agents which are generally amongst relatives of the Sarpanch/Gram Pradhan, lack of adequate publicity and misappropriation of the entitled allowance to the volunteer who are running the PSSKs, are some of the reasons of its failure.

The Committee are informed that out of 7,375 PSSKs, 1819 PSSKs have given nil transactions during the year. This tantamount to 25% of the PSSKs not being in business throughout the year.

The Committee are constrained to note that the dismal performance of PSSKs as well as the reasons on account of which the PSSKs fail. The Committee desire that the Department should initiate a dialogue with the Gram Panchayats and come out with an effective model of the last mile delivery mechanism. The Department should also consider associating women organisations/mahila mandals in these discussions.

Action Taken by the Government

The concerns of the Committee on Panchayat Sanchar Seva Kendras (PSSKs) have been taken note of. Given the lack of interest in PSSKs by the Panchayats, as reflected in the independent evaluation conducted by the Planning Commission and based on their recommendation that the Department should take over this scheme from the Panchayats, a decision has been taken to revamp PSSKs and make their products relevant to the needs of rural customers. The revamping is being undertaken as part of the exercise to formulate the franchise scheme. The Committee's suggestion to involve women's organizations etc. will be incorporated in the draft guidelines for setting up franchised outlets.

Recommendation (No. 13)

Postal Life Insurance/Rural Postal Life Insurance

It has been brought to the notice of the Committee that the Department of Posts would like to introduce many more attractive schemes in comparison to similar schemes which are available with the LIC and other private insurers to enable the Department of Posts to get varied and greater business. Whereas the Life Insurance Corporation has more than 100 schemes for the public, the Department of Posts has only 5 schemes in the PLI and RPLI sectors. The Committee have also been informed that the difficulty lies in the sanction of the new products because the Ministry of Finance governs the Postal Life Insurance and the Rural Postal Life Insurance Schemes and all other insurance schemes are regulated by the Insurance Regulatory and Development Authority (IRDA).

The Committee are further informed that, whereas, the DoP can change the scope of the PLI and RPLI Schemes, which the Ministry of Finance should not have any reservations to approve, while the introduction of entirely new products *viz.*, Group Insurance of BSNL

employees which is regulated by the IRDA will have to have the approval of IRDA. Further, since the DoP has got exemption under section 118(c) of the Insurance Act, 1938 and under section 44(d) of L.I.C. Act, 1956, it cannot introduce new products coming under the jurisdiction of IRDA.

The Committee have noted with great surprise that in spite of the exemptions that DoP enjoys the market share of PLI and RPLI in the year 2002 is only 1.25% and 0.27% respectively of the insurance market. This, the Committee note is abysmally low and a lot of work can still be done for the promotion of these two schemes, especially in RPLI.

The Committee are of the opinion that with the penetration available with the DoP in Rural India and the advantage it is gaining through the Special Deposit Rates through the exemption, DoP should concentrate on increasing their business in the PLI and RPLI with greater zeal. DoP should have suitable variations in their schemes of PLI and RPLI and get their agents to generate greater business in the field. As the DoP by virtue of its large reach has decided to get into financial services business, it should explore the possibility of floating a new SPV (Special Purpose Vehicle) to tap the available insurance market.

As regards training of PLI agents in IRDA accredited institutes all over the country, the Committee are of the opinion that DoP should work out a scheme with IRDA wherein its agents go through a specialized training which will meet the requirements of DoP.

Action Taken by the Government

In the matter of introducing new schemes PLI Directorate has sent a proposal to the Department of Economic Affairs, Ministry of Finance New Delhi *vide* letter No. 26-02/2005-LI dated 30/3/2005 seeking of approval for introduction of Children Policy as a rider option in PLI. Ministry of Finance, Department of Economic Affairs, New Delhi *vide* their letter No. 97(36)/Ins.II/2003 dated 5/6/2005, informed that the matter was taken up with IRDA who desired to discuss the proposal in person before giving their views in the matter. The proposal was discussed on 28.7.2005 with IRDA and they have informed that necessary views in the matter would be sent to the Ministry of Finance directly. The discussion with IRDA was positive. The above product shall be introduced in PLI and Rural PLI after getting approval of Ministry of Finance in the matter.

Efforts are being made to increase the market share of PLI and RPLI by increasing the target for business/sum assured in each Circle and by improving the quality of service. After the year of 2002 the business in PLI and RPLI have increased manifold due to the sincere efforts made at all levels. Details of business generated in the last 4 years are given below:

Year	Business procured (in crores)	No. of policies procured	Premium Income (in crores)	Total Fund Balance (in crores)
PLI				
2001-02	1710.02	1,72,163	501.85	5090.16
2002-03	2110.21	2,12,967	591.84	5797.30
2003-04	2846.66	2,76,880	698.17	6619.81
2004-05	4087.66	3,80,000	841.49 (Unaudited)	Not yet compiled
RPLI				
2001-02	1696.85	3,68,527	94.70	341.05
2002-03	3347.94	7,02,542	171.35	510.69
2003-04	5949.97	10,83,152	245.32	756.48
2004-05	9069.51	15,85,119	613.68 (Unaudited)	Not yet compiled

The Combined market share of PLI/RPLI for the year ending 2004-05 is assessed to be 5.42%. The business and premium income in RPLI is increasing annually since 2001-02 and efforts are being made to exploit this potential. The scope for growth in PLI is limited since the potential clientele is restricted.

The schemes in PLI and RPLI have been given wide publicity by advertising the same in leading news papers throughout the country, and in TV channels, after main news in National and Regional languages in the country. The advertisement through Mail Vehicle is also being done for publicity, to create awareness of the products using media available in house.

The Department has also made progress in its efforts to provide training of the agents through IRDA accredited institutes. Some

institutes did not entertain our agents for training under the plea that PLI does not come under IRDA. The matter was taken up with IRDA and finally it has been decided in consultation with IRDA that the training to these agents shall be imparted by institutes accredited by the Insurance Institute of India. Necessary action is under process for imparting training to those agents who are yet to be covered.

The Ministry of Finance has decided to withdraw the facility of paying interest at Special Deposit rate on POIF/RPOIF and the Department is in the process of establishing its own mechanism for investment of POIF/RPOIF as per IRDA pattern. Actually the exemptions to PLI under the Insurance Act and the LIC Act are now proving to be disadvantageous to the Department as it is not able to expand its clientele under PLI due to the fact that the insurance cover is limited to a particular category of persons, and we are also not allowed to introduce new products/schemes to popularise the PLI and RPLI.

Therefore, the proposal for coming under IRDA is also under consideration. If PLI/RPLI comes within the ambit of IRDA, the Department would be able to sell its products to the general public and new products can also be introduced to make the schemes more popular. The Department is also reviewing the newly introduced Agency system in order to make the marketing base strong enough to tap potential markets.

Recommendation (No. 15)

Revenue Deficit

During examination of Demands for Grants (2004-05) the Committee were informed that the Department of Posts is facing a revenue deficit of approximately Rs. 1640 crores during the current year. The Committee are further informed that an amount of Rs. 600 crore every year goes as subsidy mostly to the rural Post Offices from where the returns are very poor. The other sources from where the revenue deficit is accumulating is the pay, salary, allowances and pensions to the employees of the Department and the remuneration paid by Ministry of Finance for Post Office Saving Bank (POSB) work done on their behalf which is paid less than the rates agreed for payment to the Department by the Ministry of Finance. The Committee have also been informed that the Department of Posts have been categorised as revenue earning Department and not a utility Department and hence it has to earn what it spends and simultaneously make profits.

The Committee are of the strong opinion that service, whether it is public or to the Government goes at a price. They are also of the opinion that if an agreement has been reached between the two departments, it should be honoured, specially in the case of Department of Posts, which have been declared to be a revenue earning Department. The Committee feel that the Ministry of Finance should abide by its agreement in letter and spirit. The Committee would also impress upon the Department to work on commercial lines and improve upon the services, technology, multiplicity of services etc. and earn sizeable profit so that its deficit is wiped out at the earliest.

Action Taken by the Government

As per Revised Estimates of the year 2004-05, upto March (Sy.), deficit of the Department of Posts works out to Rs. 1605.18 crores which can be revised on finalisation of accounts.

Regarding remuneration payable by the Ministry of Finance for Post Office Saving Bank work done on their behalf, Ministry of Finance has been addressed through a D.O. letter No. 95-178/95-SB (Pt.) dated 11.5.2005 at the level of Member (Development) to restore the rates of remuneration based on annual escalation of 10% for the financial year 2002-03, 2003-04, 2004-05 and 2005-06 and payment of arrears. (copy annexed). Their response is awaited.

Meanwhile efforts are being made to improve the quality of services in POSB through computerization, to increase the range of financial services offered through Post Offices and even to promote POSB by setting revenue targets to Circles. The effort is to leverage the reach of the Department to the optimum extent possible and retail services in a manner that meets the growing aspirations of the public. The setting up of Postal Finance Marts is an initiative that is being taken up in this context, to meet the needs of the customers for one stop interface that will provide a range of services in a computerized, upgraded environment. The objective is to meet customer aspiration on par with services provided through other service providers like Banks in the financial sector.

JYOTSNA DIESH

Member (Development)

Postal Services Board

Tel. : (+91-11) 2309 6080

: (+91-11) 2303 6612

Fax : (+91-11) 2309 6081

Email : jyotsna@indiapost.org



भारतीय डाक विभाग
संचार और सूचना प्रौद्योगिकी मंत्रालय
डाक भवन, संसद मार्ग,
नई दिल्ली-110 001
Department of Posts, India
Ministry of Communications &
Dak Bhawan, Sansad Marg,
New Delhi-110 001

D.O. No. 95-178/95-SB (PI)

Dated : 11.5.2005

Dear Ms. Vas,

Kindly refer to DO. No. 20-1/03-BGT (PA) dated 21.4.2001 from Secretary (Posts) to Secretary (Expenditure) followed by reminder dated 14.10.04, 4.11.2004 & 10.01.05 relating to revised estimates 2003-04 and Budget Estimates 2004-05 in respect of Major Head : 8008.03.101— Payment of remuneration to Department of Posts for Management of Saving Bank and Savings Certificate work. No reply has so far been received in this regard.

2. In this context, I would like to draw your attention to the Recommendation No. 116 (Copy enclosed) of the Sixteenth Report of the Standing Committee on Information Technology (2004-05) on "Demands for Grants (2005-06)" pertaining to the Department of Posts wherein the Committee has impressed upon the Ministry of Finance to abide by its terms of agreement and enhance the per account/per certificate remuneration by 10% every year. Keeping in view the facts and figures mentioned in the above mentioned DO letter and the recommendation of the Committee, it is once again requested to restore the rates of remuneration based on an annual escalation of 10% for the financial years 2002-03, 2003-04, 2004-05 and 2005-06 and provide arrear payments an account of financial year 2002-03 too. A response in the matter may kindly be given so that Department of Posts can furnish reply to Standing Committee in the matter.

With regards,

Your sincerely,

Sd/-
(JYOTSNA DIESH)

Ms. L.M. Vas,
Joint Secretary (Budget),
Ministry of Finance,
Department of Economic Affairs,
North Block
New Delhi-110 001

Copy to:

JS & FA, Dak Bhawan, New Delhi-110 001 for kind information and necessary action.

(JYOTSNA DIESH)

Recommendation (No. 16)

Complaints/Grievances

The Committee are constrained to note that the number of complaints received in respect of Registered letters and Money Orders is quite high and the rate of disposal of the complaints is quite low. The complaints received with regard to registered letters during the years 1999-2000, 2000-2001 and 2001-2002 were 244276, 214553 and 198101 and the pendency for the same years were 16731, 15356 and 13769 respectively. The complaints received in regard to Money Orders for these same years were 411730, 226180 and 492501 and the pendency were respectively 23347, 25514 and 31459.

The Committee feel that to be successful and competitive in business the rate of complaints should be very low. The DoP has a grievances redressal machinery set up at the Post Office level, divisional level, circle/regional level and the Directorate level, but still the pendency of complaints is quite high. There should be an accountability mechanism put in place to have a check on the number of complaints received and their disposal. The Committee, therefore, desire that DoP should make all-out efforts to check the number of complaints as also to dispose of these complaints/grievances expeditiously.

Action Taken by the Government

Though the number of complaints received in respect of Registered Letters and Money Orders is maximum, the traffic handled in respect of these services is also high. The complaint to traffic ratio in case of registered letters is 0.088% and for money orders it is 0.36%. The complaint in these cases arise primarily due to non-receipt of acknowledgements, as 75% of Registered Letter complaints, and 50% of Money Order complaints during 2003-04, relate to this account alone. As a result of steps taken to streamline the process of handling acknowledgement cards in transmission, the percentage of such complaints have come down to 61% and 47% respectively during 2004-05. Steps are also being taken to streamline the operations relating to these services by induction of technology and simplification of procedures to increase efficiency in delivering these services.

As far as the pendency of complaints is concerned, majority of the pending complaints relate to the immediately preceding period at the end of the financial year. More than 90% of the pending cases are less than three months old. Less than 2% of the complaints take more than 6 months for settlement and the time taken in such cases is long

because of factors like incomplete details, non-availability of papers, non-availability of the complainant/addressees etc. The Department is conscious of the need to settle all complaints within a specified time-frame, and it has a monitoring and accountability mechanism in place to ensure achievement of this objective. The time norms for settlement of complaints are being publicized through the Citizens Charter of the Department.

Steps are being continuously taken to improve efficiency in settling complaints. The Department has introduced a web-based software to interconnect the 1116 Computerized Customer Care Centres (CCCCs) set up across the country to facilitate faster exchange of information on grievances of customers. It facilitates constant monitoring of the functioning of these centres online, and enables the customers to register complaints on its web site www.indiapost.gov.in. These steps are expected to further bring down the average time taken for settlement of complaints.

Over and above these steps the Department has taken the proactive step of reaching out to its customers to get their feedback and suggestions on its services without waiting for them to approach it with their complaints. This is a customer friendly step taken by the Department to gauge customer expectations and to meet them in today's competitive environment. Post Forums have been formed in important post offices involving customers of the area as part of the Citizens' Charter, and phone calls, questionnaires and personal visits by officers of the Department to important customer groups are being utilized to know the pulse of the customers in respect of postal services.

Recommendation (No. 17)

Human Resource Development

The Committee note that the Department has conducted in-service-training/management development programmes for the Group 'A' officers during IX Plan and Refresher training for inspectors and postal/sorting Assistants including Supervisors. Keeping in mind that it is a service oriented organisation the Committee desire that the training should be fine tuned to reducing the number of complaints and re-enforcing the good image of reliability and service that the Department enjoys.

Action Taken by the Government

At induction level the subjects relating to Customer Care and Public Complaints and redressal of grievances were included in the Induction

training programmes of Group “C” Staff, Inspector of Posts and officers of Group “A” & “B” level. Apart from these two subjects, matters relating to customer care and public relations are also covered during training, while teaching subjects like Delivery of Mails, Money Orders, Counter Operations and claims relating to Savings Bank/Savings Certificates.

In-service training given to staff periodically also includes subjects on customer care and public relations to update their knowledge relating to customer relations. Postal Training Centres are also organizing special courses on Customer Care for one-week duration for the Postal/Sorting Assistants including supervisors and Inspectors of Posts. The following topics have been included in the curriculum of Customer Care courses:

- (i) Customer importance
- (ii) Customer identification
- (iii) Customer delight
- (iv) Handling difficult customers
- (v) Citizens Charter
- (vi) Handling of complaints and settlement of claims.

In-service training to postmen and GDS BPMs are new initiatives that the Department has taken up in recent years. This is in response to the recognition that there is need to provide these employees a better appreciation of the services that the Department provides, its impact on society, their role in providing quality service to customers and to meet the customer aspirations in this regard. In the case of GDS BPMs, a two day training module is currently being provided, conducted by the inspectorial staff at the sub-divisional level. From 2005-06 similar training will also be provided to the Delivery Agents. These training initiatives are crucial for improving customer service, especially in view of the proposals to use the services of the GDS BPMs/Delivery Agents as well as postmen to retail more services, collect and disseminate more information etc., thereby ensuring customer appreciation.

Recommendation (No. 18)

Jammu and Kashmir

The Committee are constrained to note that the 27 DSOs and 42 BOs were closed in J&K due to militant activities during 1992-93. Out of these 5 DSOs and 18 EDBOs have been reopened. The Committee

trust that the Department will give utmost attention to the people so that the closed post offices can be reopened again. It also becomes imperative in the wake of the announcement made by the State Government regarding payment of pensions through Money Orders. The Committee therefore feel that the needful be done at the earliest in best interest of the people of J&K.

Action Taken by the Government

Out of 27 Departmental Sub Post Offices (DSOs), 1 Extra Departmental Sub Office (EPSO) and 42 Extra Departmental Branch Post Offices (EDBOs) closed in J&K previously due to militant activities, all have been reopened except 3 Branch offices in Chachwan, Ind and Deeda located in Udhampur District.

Of the 27 Departmental Sub Post Offices (DSOs), 21 have been reopened at their original locations while 5 have been relocated to needy, newly developed colonies since there is another post office at an average distance of 1 km away from the earlier locations of these 5 post offices which are catering to the areas previously served by them. One Departmental Sub Post Office has been merged with another post office located hardly 100 meters away from its previous location.

Similarly 38 Branch Offices have been reopened at their original location while one has been relocated to a needy area because there is another sub post office half a kilometre away which caters to this area.

The relocation/merger of post offices, which do not fulfil the distance norm, is part of the strategy of the Department to consolidate the network in consonance with the policy directives contained in the 10th Plan in this regard.

The 3 Branch Offices (BOs) in Udhampur District continue to operate from Sangldan area of Udhampur division due to the prevailing militancy in these areas. Postal services to such areas are provided by these Branch Offices (BOs) after assessing ground level situation and at times with the assistance of the police.

Recommendation (No. 19)

North-East

Keeping in view that a 10% of the budget has been earmarked for the development of the North-East the Committee feel that close monitoring for the optimal use of the funds may be done so that efforts made by the Department for providing better postal facilities in these areas could yield desired results.

Action Taken by the Government

The Department of Posts has 19 Plan schemes for implementation in the current year of which 14 schemes are being implemented in the North East. The outlay for all these 14 Plan schemes in the North East is Rs. 15.23 crore out of an overall outlay of Rs. 354 crore, which constitutes only 4.3% of the total outlay.

The Department is finding it difficult to invest larger percentage of Plan outlay to reach the requirement of 10% of the budget for the North East region for the following reasons:

1. The level of capital investment required for most Plan activities is low except for induction technology and construction of buildings. The outlay required for computerising administrative and accounts offices selected for coverage in the North East region under the 10th Plan, based on certain defined parameters adopted for the whole country, does not provide enough scope to invest adequate volume of funds to meet the 10% norms. In fact, while only post offices with three hands or more are being covered in the rest of the country, a decision has been taken during Mid Term Appraisal to computerise even 2-handed post offices in the North East as a special case. But even this additional investment is not substantial enough to help the Department to cover 10% of the investment made in the rest of the country.
2. There is scope for more investment in developing the Department's own infrastructure in terms of buildings for operative offices, providing facilities for transmission of mails (so that not only basic services but even time sensitive services like Speed Post can be improved), and also for sustaining the network and providing greater access to postal services. However, there are certain restrictions on the use of funds in these areas. In the case of buildings, Planning Commission gives low priority for construction so that the Department is unable to invest beyond a limit in the North Eastern region due to requirements in other arrears.

In so far as transportation is concerned, the economy orders imposed by Ministry of Finance on purchase of vehicles was made applicable even to purchase of mail vans, etc., so that the provision sought for the North Eastern region could

to be utilised. Further, with the embargo on creation of posts, even the provision of driver's posts for the new vehicles has become a problem. A proposal for securing exemption from the ban on purchase of vehicles for North East and creation of posts is in the process of being taken up with Ministry of Finance since the investment is required for operational reasons.

In so far as expansion of the network is concerned, under the 10th Plan the Department is being given a one time support of Rs. 4000/BO and Rs. 10,000/SO for meeting non-recurring cost, while 96% of the cost of maintaining a BO relates to recurring expenditure. On an average, a BO with one GDS BPM costs about Rs. 31,000/annum while DSO with on SPM and minimum complement of staff costs Rs. 3,02,060/annum. $66\frac{2}{3}\%$ of the cost of a BO in normal rural areas is being subsidised. However, it is estimated that 177 BOs out of a total of 6240 BOs and 945 DSOs out of a total of 37 DSOs in the North Eastern Region earn less than the minimum revenues that they are expected to generate, while 151 PSSKs have nil transactions. This entire cost is being subsidised by the Department since no explicit subsidy is provided by the Government for this purpose, nor is any recurring Plan support being given for the new post offices opened under the 10th Plan.

3. These issues have been taken up by the Department with DONER and the Committee of Secretaries. DONER has been advised by CoS to identify what could be the realistic levels of investments that can be possibly made by those Departments which are finding it difficult to adhere to the 10% norm. This Department was also asked to indicate the norms that were felt necessary to be relaxed to facilitate more investments in the North East. The issues mentioned at pre-paras have been informed to DONER.

Meanwhile, the Department continues to implement the approved Plan schemes and introduce new facilities through the existing infrastructure. Every effort is being made to achieve the existing physical and financial targets and to identify the special needs of the region so that these can be included in the Vision 2020 document being prepared for the North Eastern region, and for which special support can be sought in future Plans.

Recommendation (No. 20)

Non-Returnable Contribution (NRC) Post Offices

The Committee are informed that there are in all 1453 Non-Returnable Contribution (NRC) Post Offices in the whole of the country. They also understand NRC Post Offices are opened on special conditions of payment and request either by the State Governments or the party, which desires the retention of post office.

The Committee are constrained to note that arrears to tune of Rs. 31.90 crore are still with these post offices that are situated in the States of Gujarat, Haryana, Himachal Pradesh, J&K, Maharashtra, Madhya Pradesh, Chhattisgarh, North-Eastern States of Arunachal Pradesh, Manipur, Mizoram, Nagaland, Tripura and Meghalaya, Orissa, Punjab, Uttar Pradesh and Uttaranchal. The Committee are further surprised to note that the further retention of a NRC Post Office, which does not pay its contribution is extended for the period for which experimental post offices are kept, but however, in these post offices which are having arrears, the Department of Posts have failed to take any concrete and strict action against the party that too even after the expiry of the experimental period. The Committee would like to be apprised of the action taken, if any, by the Department of Posts against those erring State Governments/individuals to recover the amounts. A detailed list may also be forwarded for the amounts that are pending as arrears against each of such post offices and the dates on which the erring post office was converted into an experiment post office.

The Committee would also like the Department of Posts to forward the recommendation of the Committee to the erring State Governments and impress upon them to clear all the arrears as early as possible. In the case of individual post offices which were opened on the request of individual/factory/mill/party, the Committee would recommend that these post offices may be shut down immediately as it would not be prudent to bear the burden of these post offices year after year without any signs of recovery.

Action Taken by the Government

The details of amounts pending as NRC dues against each State is given at Annexure. There is no action that the Department can take against the erring State Governments except to close/downgrade the post offices opened under the NRC scheme. Closure would militate against the principles of Universal Service Obligation as most of them,

especially in HP, NE, Uttaranchal etc. are located in remote, hilly, inaccessible terrain having no access to communication facilities. While action has been taken to downgrade a few post offices in accordance with quantum of its workload, one option is to gradually convert such offices into franchised outlets. Secondly, the Department has already taken up with Planning Commission a proposal that NRC post offices in the NE should be provided Plan support. A suitable allocation has been received for this purpose in BE 2005-06. For the balance pending amount, the matter is proposed to be placed before the Inter State Council for a final decision in the matter.

In the case of NRC post offices opened on the basis of sponsorship from individuals/factory/mill etc., while some of the defaulting cases have been closed, there is difficulty in closing others, since the nearest post office is located more than 3 kms. away. Hence closure will result in depriving public the level of access to facilities that they currently enjoy. However wherever the distance norm is not being maintained, orders have already been given to merge/relocate the offices, and this is being done in a phased manner.

ANNEXURE

AMOUNT OUTSTANDING AGAINST STATE GOVTS. AND STATE GOVT. UNDERTAKINGS AS SPONSORS OF POS OPENED IN THE ABSENCE OF FULFILMENT OF INCOME NORMS AND GIST OF RESPONSES RECEIVED FROM STATE GOVERNMENTS

Sl.No.	Circle	No. of NRC POs as on 31.3.2003			Amount outstanding at present from Govt. & Govt. undertakings	Gist of responses received from the State Govts.
		DSO	EDSO	EDBO		
1	2	3	4	5	6	7
1.	Andhra Pradesh			15		
2.	Assam			7		
3.	Bihar			160	16599478.64	Matter under examination with Bihar Govt. from Feb. 2005 Copies of letters by Panchayat Raj Deptt. regarding opening of POs to be provided.
4.	Chhattisgarh			103	15987900.08	Matter under examination with State Govt. from Feb. 2005
5.	Delhi					
6.	Gujarat	9		4	8964514.98	Provision of Postal facilities is the prime duty of the Deptt. of Post. Since DOP decided to bear the cost from 1.4.2003, pending dues be waived off. However, decision taking in the ISC will be followed.
7.	Haryana	2		6	1194735.91	No response
8.	Himachal Pradesh	114		337	122492169.00	Govt. considering the matter. Decision will be communicated.
9.	J&K	1		13	882220.41	Districtwise details of amount called for by State Govt. Circle has been requested to coordinate.

1	2	3	4	5	6	7
10.	Jharkhand			25	15041.00	Name of Post Offices with details of villages, tehsil, block and districts and particulars of sponsoring authorities from the State Govt. called for by the State. Circle has been requested to coordinate.
11.	Karnataka			7	1115775.96	No response received
12.	Kerala	6	3	5		
13.	Madhya Pradesh	1		103	35183309.24	No response received
14.	Maharashtra	2		19	1040247.24	No response received
15.	North East	103		298	81399356.00	Some of States have requested for exemption due to financial crunch and AG objecting against such payments. Commercially backward States where there are meagre resources of revenue have requested not to reduce the Plan allocations for retaining NRC POs.
16.	Orissa			44	12582989.44	Asked for some more time. State Govt. is in touch with circle.
17.	Punjab	5		34	1572500.00	State Govt. has advised the district authorities to direct the village panchayats to clear their liabilities.
18.	Rajasthan	1			50493.00	Details of location of POs running on the basis of NRC which has been sponsored by the State Govt. called for. Circle has been requested to coordinate.
19.	Tamil Nadu	7	4		3869075.00	Postal services have to be maintained on public demand. Recovery for annual Plan assistance not acceptable proposition as this is in the nature of development funding. Expenditure prior to 31.3.2003 should also be borne by the DOP.

1	2	3	4	5	6	7
20.	Uttar Pradesh			4	1188749.16	Detail of NRC scheme, POs opened on NRC basis, request of Govt. under taking, amount due from each Govt. undertaking. Circle has submitted detail information to the State Govt.
21.	Uttaranchal			16	6619842.16	Opening and operating of POs is the function of the Department. Payment should be done by the Department of Post and old dues should be waived off.
22.	West Bengal	5				
	Total	256	7	1200	310758397.22	

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF THE GOVERNMENT

Recommendation (No. 2)

Talwar Committee Report

The Committee find that Justice Talwar Committee in their report have given a very dismal picture of the workload of the Department of Posts stating that only 3% of the Branch Offices have workload of more than 3 hours, 36% have a workload of only 70 minutes, 19% have a workload of 1.5 hrs. and 39% have a workload between 1.5 hrs. and 2.5 hrs. The reason advanced by the Department for the same was that EDBOs are opened if it fulfils the population, distance and income norms prescribed for a given area and it is expected to function for a minimum of 3 hours. In the opinion of the Committee, it is a matter of grave concern.

The Committee note that the Department has initiated some measures to meet the emerging needs and exploring means to harness the development in technology and the infrastructure available with other sister Departments like DoT and DoE in order to bridge the digital divide of modern technology, which can be extended to the rural public through post offices. The Committee further note that post offices have certain inherent unique advantages and by virtue of its existing role in rural economy, it can be an ideal source of extending new services to the customers in those areas. In this connection, the Department has already started its services with BSNL to provide mobile telephone facilities in selected rural areas on commission basis. However, the Committee feel that the steps taken by the Department in this regard are not adequate and trust that the Department will explore all the avenues to add new services, like disbursing of rural credit at economic interest rates in collaboration with NABARD through its postal network etc. The Committee would like to be apprised of the outcome of the initiative taken by the Department with other sister Departments.

Action Taken by the Government

The Department has taken a number of steps to increase the workload in BOs. These include (1) fixing targets for different products to motivate BPMs to secure business (2) to introduce new products like sale of non-life products, e-post, bill collection and other retail

products (3) efforts are also underway to persuade other Departments to utilize this network. In this way, the Branch Office network was used to collect data for the Registrar General of India, to distribute old age and widows pensions in some States like Tamil Nadu, Gujarat etc. Department of Information Technology has been requested to use post office as one of the nodal points for their Community Service Delivery Centre project under the National e-governance programme. Although a final decision is awaited, the draft guidelines indicate that POs will be considered by them only where no other alternative is possible.

In the Mid Term Appraisal of the 10th Plan, there is a specific reference to the capability of the Postal network to play a crucial role in dissemination of Health Information, education and distribution of some simple health products to the below poverty line population. This initiative will be followed up with the Central and State Governments. Similarly, the Mid Term Appraisal also recognizes the need to use the network to further e-governance initiatives. These initiatives will be actively pursued with the concerned Departments.

As far as the disbursal of micro credit is concerned, though the scheme is ready for implementation, the Department is unable to proceed further due to recent amendments to the Government Savings Bank Act, 1873, and Government Savings Certificate Act, 1959, and the rules governing various small savings schemes, which allow only individuals to deposit funds in POSB. Since the same facility is no longer available to institutions, Self-Help Groups (SHGs) can no longer open accounts in POSB. To overcome this problem Ministry of Finance has been addressed at the level of Secretary (P) for a special exemption for SHGs. Their response is awaited. This matter is also being pursued for early implementation.

Recommendation (No. 9)

Subsidy Given by DoP

The Committee are happy to note that the DoP is doing a commendable service by carrying printed books, registered newspapers to the mofussil areas at a cheaper rate. It is also giving subsidy on letter cards, registered articles, money orders, etc. In this regard, the total subsidy borne by the DoP is stated to be Rs. 124.52 crore and the scheme is running at a deficit of Rs. 27 crore. The Committee appreciate the subsidy being provided on postcards which is primarily for the benefit of common man but at the same time they desire that the Department should conduct a study for optimal and credible use of subsidy and prevent its misuse. The Committee would like to have a detailed break-up of the subsidy, the services on which it is being provided by the Department and the effective steps suggested to rationalize the subsidy.

Action taken by the Government

The Department of Posts offer 36 products and services to public through its outlets. Of these only 11 are earning more than their costs. A statement showing cost, revenue, deficit/surplus of postal services, as projected for each of the products/services offered by the Department for 2003-04 is annexed.

In this context the following further issues merit consideration.

1. The estimation of cost revenue, deficit and surplus have not been made on activity based costing in respect of each product but on allocation/apportionment of total expenditure incurred by the Department on all its products and services in the previous years.

2. The actual expenditure is taken from the figures reflected in the Demand for Grants of the Department. It is further allocated among various cost centers and thereafter apportioned amount the different products and services. This apportionment is done on the basis of a number of factors like workload, traffic, weight and revenue from individual products.

3. While this method of apportioning costs among different activities and products is as per the methodology approved by the Cost Accounts branch of the Department of Expenditure, Ministry of Finance, the actual process of assessment requires voluminous data that is not readily available through the Government system of Accounting, which does not reflect product activity based costs. There is also no system at present to collect the data required for such a detailed exercise on an annual basis. Therefore the allocation is itself being done on the basis of assumptions and apportionments that are derived from inputs collected from time to time. Therefore, the assessment is not an accurate assessment of the costs and revenues involved in providing any of the individual products and services in the given year. To this extent, while the system of costing may meet the requirements of a Government Department, it does not meet the requirement of a service organization functioning in a commercial, competitive environment.

However recognizing the fact that the overall costs of the Department exceeds its revenues, the Department focuses on efforts to increase revenues, streamline costs through, rationalizing the network, process reengineering and improved realization of dues from other Departments for agency functions etc. But the need for a system of accounting and MIS that will enable the Department to pinpoint those products and services that need more focused attention in order to make them viable, or costs, that need to be further streamlined, is

recognized. Therefore efforts are underway to also put in place a commercial system of accounting that will facilitate the Department in this endeavour.

As far as the subsidy issue is concerned, the Department is required to fulfil its Universal Service Obligation in terms of providing access to basic postal services and also to ensure that the common man has affordable means of communication. However, the products and services that should be included within the definition of USO, for which subsidy should be provided, has never been clearly defined. While every country is free to define its USO, taking into account its socio, economic and technological conditions, there are certain uniform commitments that the country is required to make as member of the UPU regarding the services provided under the USO.

In order to focus the subsidies only in the needy or committed areas, there is need to clearly define the USO of the Department. This exercise is underway. To assist the Department in this exercise, a consultant has been engaged to undertake a System Study, and identify the options before the Department to compete in a commercial environment while continuing to fulfil its USO. As part of this exercise, product/service-wise analysis in terms of viability, the market for the product/service, etc., is also being attempted. This will provide the Department evidence based insights into how different products/services need to be handled, to make them more commercially viable and to what extent subsidies are needed for products which need to be included under USO.

There are a number of products and services, which are being currently subsidised by the Department. These include some products like registered newspapers, printed books, periodicals etc. which are being transmitted at heavily subsidised rates. Though there may be a need to subsidise the transmission of these articles in the larger public interest, these are not strictly part of the USO of the Department of Posts. It is merely the means by which this facility is being channelised. There is a need to recognise this fact, and explicit subsidy provided for this purpose, rather than include this subsidy component as part of the Department's USO. Whether the benefit of subsidy needs to be continued for all categories of periodicals currently enjoying this benefit is also an issue that needs to be highlighted for a decision, when defining the USO.

The above initiatives are all part of the effort being made by the Department to focus the subsidies in deserving areas, and streamline them with the management tools currently available to it, in order to reduce the budgetary deficit to the extent possible.

Recommendation (No. 12)

Opening of Post Offices in rural areas

The Committee learn that the Department has no mechanism of its own to identify the need of post office in the rural areas and rely totally on the requests or demands received in the circle offices. The Committee have been informed that at present there are 63 applications which fulfill the norms out of 175 requests received and these post offices will be opened as per the targets fixed for various circles annually.

On the one hand the Department of Posts has a Universal Service Obligation (USO) to fulfill by providing basic postal facilities at all the gram panchayats in India, whereas, on the other hand the Department has a demand of setting up of only 63 post offices which fulfill the norms laid down. The above two aspects simply show that there is a lack of information within the gram panchayats, as regards requirements for setting up a post office by sending in a demand.

The Committee feel that the Department of Posts should take the responsibility to identify viable rural locations for setting up of Post Offices instead of waiting for a demand. The department should also create awareness among gram panchayats regarding norms laid down for opening of post offices.

Action taken by the Government

Post Offices are opened only in those G.P. villages, which fulfil distance, population and income norms (Annexed). Of the 1,23,014 G.P. villages yet to be provided post offices, only 3752 G.P. villages were found to fulfil at least 2 of the 3 norms, *viz.* distance and population norms. Of these very few fulfil the income norms, and even their parent offices are incurring losses. So there would be very few locations which justify all the three norms for opening post offices. In addition to demands received from the public, the inspecting authorities are also required to identify areas, which would appear to justify a post office, and examine such proposals for justification as per norms. Hence, more than one avenue is available to consider opening post offices in needy areas.

Norms for Opening Post Offices

1. Norms for opening Extra Departmental Branch Post Offices:

1.1 Population

(a) In Normal Areas:

3000 population in a group of villages (including the PPO village)

(b) In Hilly, Tribal, Desert and Inaccessible Areas:

500 population in an individual village or 1000 population in a group of villages.

1.2 Distance:

(a) In Normal Areas:

The minimum distance from the nearest existing post office will be 3 Kms.

(b) In Hilly, Tribal, Desert and Inaccessible Areas:

The distance limit will be the same as above except that in Hilly Areas, the minimum distance limit can be relaxed by the Directorate in cases where such relaxation is warranted by special circumstances which should be clearly explained while submitting a proposal.

1.3 Anticipated Income:

(a) In Normal Areas:

The minimum anticipated revenue will be $33\frac{1}{3}\%$ of the cost.

(b) In Hilly, Tribal, Desert and Inaccessible Areas:

The minimum anticipated income will be 15% of the cost.

It is further to be ensured that as a result of the opening of a new post office, the loss in respect of the parent post office does not increase beyond the permissible limit nor is its income reduced below the minimum prescribed.

2. Criteria for upgrading/opening Departmental Sub-Post Offices:

(a) In Rural Areas:

The minimum work load of the Extra Departmental Branch Post Office, proposed to be upgraded, should be five hours per day. The permissible limit of annual loss is Rs. 2400 in normal rural areas and Rs. 4800 in Tribal and Hilly areas.

It is further to be ensured that as a result of the opening of a new post office, the loss in respect of the parent post office does not increase beyond the permissible limit nor is its income reduced below the minimum prescribed.

(b) In Urban Areas:

In urban areas, the post office should initially be self-supporting, and, at the time of the first annual review, it should show a 5% profit to be eligible for further retention.

The minimum distance between two post offices should be 1.5 kms. in cities with a population of 20 lakhs and above, and 2 kms. in other urban areas. No two delivery offices, however, should be closer than 5 kms. for each other.

Heads of Circles have powers to relax the distance condition in 10% of the cases.

A Delivery Post Office in Urban Area should have a minimum of 7 Postmen's beats.

Recommendation (No. 14)

Rents

The Committee feel that a huge amount of revenue which is drained off by the Department on renting buildings for accommodating Post Offices could be saved by constructing buildings on 1700 vacant plots (approx.) already available with the Department throughout India on a maximum floor space index basis and renting out such additional space created to legitimate/credible parties exercising adequate legal safeguards to protect the assets.

Action Taken by the Government

The amount spent on Rent, Rates and Taxes during the last three years is as under:—

2001-02	Rs. 43.20 crore
2002-03	Rs. 46.17 crore
2003-04	Rs. 44.68 crore
2004-05 March (Sy.)	Rs. 44.98 crore

While savings can be effected in this head of account through the Department constructing its own buildings, it needs to be noted that the Department does not have vacant plots in lieu of all buildings taken on rent at present. Against 1700 vacant plots available, there are more than 21,000 operative offices functioning in rented buildings. Therefore, the outgo on rent is likely to continue, though at a reduced level. Further, under Plan, very low priority is being given for

construction activities. Therefore, availability of adequate resources, not merely for construction of buildings, but even for constructing boundary walls to prevent encroachment, is a problem.

To optimise the available resources and to explore alternate options to generate more resources, the Department has taken the following actions:

1. Guidelines have been issued to all Heads of Postal Circles/Regions *vide* Circular No. 10-2/2003-Bldgs. dated 25.4.2005 for giving vacant built-up space in postal buildings to generate non-tariff revenue on Leave and License basis.
2. The Department has also taken a policy decision to construct on vacant plots up to the maximum FSI (Floor Space Index), and rent out excess space for augmenting financial resources from non-tariff sources. A self-contained paper for setting up Special Purpose Vehicle for development and optimum utilisation of Postal Estate has been prepared and further action will be taken in consultation with Planning Commission and other concerned Departments.

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH
THE REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED
BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation (No. 4)

Utilization of retailing capacity

The Committee observes that there are 1,39,280 Branch Offices in the country as on 31.3.2004. They are mostly in rural, hilly and tribal areas. The impact of technology and the presence of competitors for providing communication and remittance facilities in these Branch Offices is either marginal or non-existent. The Department has justified that the low level of opportunities for income generation activities in these rural areas does not help to promote any demand for postal services and the Department continues to open the BOs with a view to fulfil its universal service obligation to help socio-economic development.

The Committee are not at all impressed by the justification given by the Department of Posts in this regard and feel that there is enough potential for income generation in the villages which needs to be explored. The Committee are of the opinion that the non-existence of other competitors makes the job of the Department all the more easy and responsive to the needs of Postal and allied services in the rural areas. The Government is implementing the 'Common Minimum Programme' at present, and is constantly focusing on providing more facilities and services to the rural areas. The postal network is the ideal delivery mechanism, which can render services right upto the doorsteps of the customers. According to the Committee, this concept is not new with the postal Department. The Committee are of the strong conviction that the Branch Offices can do much more with little initiative by the Department by seriously planning and co-ordinating with other Government Departments and get the business through strategic alliances. The Post Office should become a hub for dispensing variety of services to the people in the far-flung areas. The Committee, therefore, desire that new avenues in all the 1,39,280 BOs be explored and a fresh environment be created wherein officials are motivated and made sensitive to the issues of developing more business for the Post Offices. The Committee also feels that DoP should elicit public

opinion from Panchayats and villages to know the actual requirements of the people with regard to the variety of services rendered by the Post Offices at the grass root-level which will help them in the optimal and efficacious utilization of the network. Thus, the postal department can achieve the goal of becoming a commercial organization doing good business alongwith enabling the DoP to come out of the debt trap and also fulfilling its universal service obligation in rural areas with pride. The Committee would like to be kept informed of the progress made in this regard periodically.

Action taken by the Government

The efforts being made by the Department to enhance the business/revenues in BOs have been elaborated in response to Recommendation No. 2. The Department has also taken up with Cabinet Secretariat the need to use this network more optimally, and the latter have set up an inter-ministerial Committee to *inter-alia* address this issue also. Recently the Department made a presentation to the National Commission for Informal/unorganized sectors, elaborating upon the capacity of the network to provide a wide array of services. The possibility of providing some services through the postal network to these segments of the population are being explored.

A study undertaken by the Planning Commission on the rural network identified the additional products that were in demand in villages. These include: bill collection *viz.* telephone, electricity, water and other such utility bills, banking services, agricultural credit, insurance—life, health, crop, agro services, literacy functions etc. This study also, *inter alia*, brought out the fact that the level of revenue generation in a BO is dependent on the efforts made by the BPM.

Unfortunately, there is very little incentive in the existing model of providing services through EDBOs/SOs to generate business. If a BO exceeds 5 hours of workload, it will get converted into a DSO and the GDS BPM will be reduced to the level of GDS packer in the same office. Thus, there is an in-built disincentive to increase business, as the GDS BPM can retain his position and continue to avail of his allowances only if the office does not generate workload beyond a certain level. Therefore, there is a need to change this model if EDBOs/SOs are expected to generate more business revenues. Simultaneously, all avenues are being explored to generate more revenues.

Comments of the Committee

(Please see Para 7 of Chapter-I)

Recommendation (No. 5)

Universal Service Obligation

The Universal Service Obligation that the Government has to fulfil through the Postal Activities *via* the Department of Posts is to provide basic postal services throughout the country, irrespective of terrain at an affordable price. In meeting this requirement the Department has set up 1,55,837 Post Offices in 1,20,048 Panchayats. Another 1,23,014 Gram Panchayats are awaiting that vital link today.

In fulfilling the USO the Government have been providing subsidy continuously and will do so in future. A large work force constituting 5,65,922 employees is serving the nation to provide postal & allied services. According to the Department, the cost of running these establishments consumes upto 96% of the budgeting provisions of the Department. The Department's revenue deficit for 2004-05 is stated to be approximately Rs. 1600 crore. The Committee feels that one of the commendable measures adopted by the Department for expansion of further POs is the redeployment of manpower and demanding no plan budgetary support for extra manpower. The other measure being adopted is making genuine efforts to downsize the work force and simultaneously technologically upgrading the Department to meet the competition from communications.

According to the Committee steps should be taken by the Department to include the private couriers in discussions and evolve a process by which the private courier could help the Government in meeting the universal service obligation in an effective manner.

Action taken by the Government

Universal Service Obligation requires the Department to provide affordable postal services within easy access as per approved norms. Daily delivery of dak, collection of mails through letter boxes and provision of basic postal facilities through outlets are all part of this Universal Service Obligation and the Department strives to meet this obligation even in the remotest parts of the country irrespective of economic implications on the basis of approved norms. These norms allow for substantial subsidy to the extent of 662/3% in normal rural areas and 85% in hilly, tribal, inaccessible and desert areas, to be provided for opening new post offices. The OPI Act 1898 also entrusts the exclusive privilege for carriage of letters to the Department. Hence the department has a legal obligation to ensure access to postal facilities throughout the country. Private Couriers provide services where they

are able to generate a profit and provide services at a cost that the market can afford. Therefore, as the market develops, and socio-economic conditions allow more generation of revenues, the couriers will seek a niche in these areas.

The department is currently competing with private couriers for the more creamy segments of the market, to generate revenues to cross subsidise its Universal Service Obligation. In this commercial aspect of the Departments operations, there is no scope for dialogue with its own competitors as these are not segments where the commitment towards fulfilling USO is involved.

Any support from private couriers towards fulfilling the USO in such areas will be forthcoming only if they are made liable to do so as per legal requirements. For this suitable statutory provisions would need to be provided.

Comments of the Committee

(Please see Para 10 of Chapter-I)

Recommendation (No. 6)

Consolidation/Review

The Committee are informed that out of 26,186 departmental post offices in urban and rural areas, approximately 57% i.e. 14,926 departmental post offices are running at losses. Out of these 14,926 post offices, 1,030 single handed and double handed branch post offices in 43 major urban centres with a population of over 7 lakhs are running at losses. The major reason attributed by the Department of Posts to these losses are fall in mail traffic and availability of alternative modes of communication.

The Post Offices in the urban sector are incurring losses even though they are required to be financially self-sufficient alongwith earning some profit. Many of the Post Offices for historical reasons are located at less than the distance allowed as per policy for setting up of the post offices in urban areas. As regards the post offices situated in rural areas, particularly extra departmental post offices which are located in close proximity to each other than permissible under the norms for various historical reasons are also going into losses.

The Committee are of the opinion that single handed or double handed branch post offices are incurring losses because sufficient business is not available to them in their area of operation to cover

for the salary of the employees, rents, taxes and other overheads. It is, therefore, necessary that such post offices in the rural as well as urban areas should be located and merged into other post offices which are in their close proximity. In other words, consolidation of post offices in rural and urban areas is the order of the day. In this connection, the Committee would like to be informed about the roadmap to the process of consolidation and also like to be provided with a list of post offices which have been merged into other post offices in the urban as well as in the rural areas.

The Committee feel that Department should realise the need of the hour as new environment is coming up with new technological advancements. They therefore, trust that Department will come up with a clear-cut consolidation plan keeping in view the reliability of the postal networks, aspirations of the urban customers needs by not compromising with the quality and reliability of the services. The Committee, therefore, desire that the major issues like re-deployment, use of technology, outsourcing and franchising and serving to underserved areas with financial viability will also be rightly addressed in the consolidation plan of which roadmap is to be completed by the Department of Posts. The Committee would like to be apprised of the progress made by the Department in this regard.

Action taken by the Government

One of the main concerns of the Department while undertaking this exercise of rationalizing the network is to ensure that any consolidation/rationalization that it undertakes should not result in reduction in the access that customers currently have to post office facilities, as per approved norms. Therefore the strategy/Plan evolved by the Department for rationalizing its network includes the following elements: (1) first redeploy manpower to the extent possible to open new post offices so that losses in existing post offices are reduced to that extent. This strategy has been under implementation for the last 5 years and post offices have been opened in this manner from 2000-01. (2) Relocate/merge post offices, which do not meet the current distance norm. In the case of single/double handed post offices in urban areas this has been under implementation from 6/1/03 while in the case of BOs in rural areas, orders were issued only on 28/1/05. So far 172 post offices have been merged 56 have been relocated to new, justified locations in 2004-05. Details of post offices merged as on 31.3.2005 is annexed (3) In underserved areas like the N.E., to help sustain existing levels of communication facilities, the Department has proposed to the Planning Commission the need to support NRC

post offices, which would have been otherwise downgraded (4) given the public resistance to shifting existing post offices in certain locations, despite the availability of another post office within the distance norm, and also to expand the network in a self sustainable manner without the restrictions faced in the past, the Department is in the process of bringing out a franchise model which will also have a technology component *i.e.* computer facilities, wherever extent possible. A formal consolidation Plan will be drawn up in consultation with Circles once the franchise scheme is firmed up.

Details of Post Offices Merged during 2004-2005

Sl. No.	Name of the Circle	No. of Post Offices merged	Name of the Post Offices merged
1	2	3	4
1.	Andhra Pradesh	1	Ahmednagar DSO
2.	Assam	Nil	
3.	Bihar	Nil	
4.	Chhattisgarh	1	Akashnagar SO
5.	Delhi	Nil	
6.	Gujarat	38	(i) Ambawadi (Sardarnagar) (ii) Santpunit Marg (iii) Bhayavadar Bazar Chowk (iv) Jamnagar Khoja Naka Road (v) Khambhalia KRM SO (vi) Keshod LC PO (vii) Veraval Krishnanagar SO (viii) Rahpar Bazar SO (ix) Jashodanagar SO (x) Upleta Panch Hatdi (xi) Halvad Town (xii) Okha Bazar (xiii) Sahpur Power House (xiv) Vanthli Bazar (xv) Junagadh Jagmal Chowk

1	2	3	4
			(xvi) Naya Anjar (xvii) Ramnathpura (xviii) Rajputpura (xix) Sihor GC (xx) Dakor Town (xxi) GIDC Ankleshwar (xxii) Pyaka BO (xxiii) Amreli Baharpara (xxiv) Kalawad Green Market (xxv) Morbi Green Chowk (xxvi) Dandia Bazar (xxvii) Wankaner GC (xxviii) Una Bazar TSO (xxix) Mahuva Vashi Talav (xxx) B.V. Sola (xxxi) Rupnagar (xxxii) Bhuj College Road (xxxiii) Changadhra Chemical Work (xxxiv) Lakhapat (xxxv) Navagam (xxxvi) Padav Bazar (xxxvii) Rajpipla SR (xxxviii) Bhanvad Ranjit Para
7.	Haryana	7	(i) Sujan Singh Park (ii) IAF Line, Ambala (iii) Arya Nagar, Rohtak (iv) Prem Nagar, Rohtak (v) Session Court, Ambala City (vi) Alexandra Road, Ambala Cantt. (vii) Siha BO

1	2	3	4
8.	Himachal Pradesh	Nil	
9.	Jammu & Kashmir	Nil	Nil
10.	Jharkhand	Nil	Nil
11.	Karnataka	30	(i) College Road PO, Nippani (ii) Gokak Raviwarpet PO (iii) Belgaun Dharwad Road PO (iv) Athani Bus Stand PO (v) Sirsi Sahayadri Colony PO (vi) Haliyal Bazar (vii) Vijnapura Industrial Complex, Bangalore (viii) D. Temple, Davangere (ix) Old Town, Holalakere PO (x) Chowkipet, Davangere (xi) Bhavanti Street PO (xii) R.M. Yard PO, Chitradurga (xiii) K.T.J. Nagar, Davangere (xiv) Huliya Road PO (xv) B.P. Extension, Chitradurga (xvi) Hosdurga Fort (xvii) Vidyananyapuram, Mysore (xviii) Nanjumalige, Mysore (xix) Kantharaj Urs Road, Mysore (xx) APMC Yard, Chitradurga (xxi) Nehru Road, PO (xxii) Nanjagud Bazar PO (xxiii) Meghalapet PO (xxiv) Byrasandra PO, Bangalore (xxv) Bagalkot Town PO (xxvi) Rajajinagar North PO, Bangalore

1	2	3	4
			(xxvii) Rajajinagar 6th Block PO, Bangalore
			(xxviii) Seppings Road, Bangalore
			(xxix) H. Siddaiah Road, Bangalore
			(xxx) Cottonpet PO, Bangalore
12.	Kerala	3	(i) Guruvayur NDSO
			(ii) Mundavathur NDSO
			(iii) Srirampet NDSO
13.	Madhya Pradesh	28	(i) Guna AB Road, SO
			(ii) Kamlaganj SO
			(iii) Gwalior Mandhavganj SO
			(iv) Indore Barwall Chowki SO
			(v) Indore Jail Road, SO
			(vi) Indore Mills SO
			(vii) Indore Shrinagar SO
			(viii) Barwaha Jawahar Marg SO
			(ix) Burhanpur Itwara SO
			(x) Burhanpur Mahajana Peth SO
			(xi) Jhanda Chowk, Barwani SO
			(xii) Khargone Collectorate SO
			(xiii) Nepanagar Labour Camp SO
			(xiv) Paharsingpura SO
			(xv) Tagore Colony SO, Khandwa
			(xvi) Neemuch Mandi SO
			(xvii) Rampuria Bara Bazar SO
			(xviii) Ratlam New Road SO
			(xix) Ashta Budhwara SO
			(xx) Budhni R.S. SO
			(xxi) Narsinghgarh Town SO
			(xxii) Sarangpur Mandi SO

1	2	3	4
			(xxiii) Sehore Sugar Factory SO
			(xxiv) Agar Bazar SO
			(xxv) Khchrod Town SO
			(xxvi) Shujalpur Station Road SO
			(xxvii) Hotel Chandela SO
			(xxviii) PTC Nawgaong
14.	Maharashtra	11	(i) Phalton Road
			(ii) L.J. Road
			(iii) Chinckpokhli
			(iv) Navajivan
			(v) S.B. Marg
			(vi) Sewri Naka
			(vii) N.S. Bureau
			(viii) Govt. Colony
			(ix) Phule Market
			(x) Colaba South
			(xi) S.V. Press SO
15.	North East	Nil	
16.	Orissa	14	(i) Liploy NDTSO
			(ii) Ranibagicha NDTSO
			(iii) Sadhepall NDTSO
			(iv) LET NDTSO, Rourkela
			(v) M.S. Marg NDTSO, Rourkela
			(vi) Sector 8 NDTSO, Rourkela
			(vii) Khetraipur Market NDTSO
			(viii) G.M. College NDTSO
			(ix) Sakhigopalnath NDTSO
			(x) Motiharan NDTSO
			(xi) Railway Colony, Jharsuguda NDTSO

1	2	3	4
			(xii) Bargarh Panchayat College NDTSO
			(xiii) Bargarh Road RS NDTSO
			(xiv) Barpali Bazar NDTSO
17.	Punjab	2	(i) Nada BO (ii) Mataur BO
18.	Rajasthan	14	(i) Ind. Area, Bharatpur EDSO (ii) Hope Circus, Alwar NDTSO (iii) R.R. College, Alwar Abu Bazar NDTSO (iv) Abu Bazar SO (v) Kuchman City (vi) Bansur Bus Stand (vii) Sheopur BO (viii) Shopping Centre JWR NDTSO (ix) Kartarpura NDTSO (x) Nagar Bus Stand (xi) Jail Road, Bikaner (xii) Paras NDTSO (xiii) Bundi City NDTSO (xiv) Dehra BO
19.	Tamil Nadu	21	(i) Erode Fort NDTSO (ii) Vazhai Thottam NDTSO (iii) Marapettai NDTSO (iv) Pollachi RS NDTSO (v) Kumbakonam South NDTSO (vi) Pattukkottai Housing Unit NDTSO (vii) Lalbahadur Nagar NDTSO (viii) Venugopalapuram NDTSO

1	2	3	4
			(ix) Mannargudi Cutcherry NDTSO
			(x) Thandavankuppam NDTSO
			(xi) Neyveli Block 27 NDTSO
			(xii) Vriddhachalam West NDTSO
			(xiii) Nagapattinam City NDTSO
			(xiv) Nagapattinam Beach NDTSO
			(xv) Pushpanagar NDTSO
			(xvi) Bharathi Road NDTSO
			(xvii) Papanasam North NDTSO
			(xviii) Tirukoyilur bus Stand NDTSO
			(xix) Vijayapuram NDTSO
			(xx) Usman Road SO
			(xxi) Tambaram South SO
20.	Uttar Pradesh	1	Birhana PO
21.	Uttaranchal	1	A.D. Pharmacy NDSO Dehradun
22.	West Bengal	Nil	

Comments of the Committee

(Please see Para 13 of Chapter-I)

Recommendation (No. 7)

Technology Upgradation

The Committee note that the 'Expert Committee on Excellence' in Postal Services has emphasised the need for the induction of technology in various Postal mail and agency functions with a view to transform the traditional Postal Services into a modern high technology service. The Committee are happy to note that the Department has taken the recommendations of the Expert Committee in the right spirit and has allocated 79% of its 10th Plan Budget towards modernisation and upgradation of technology. In the implementation process the Department have started installing Multi Purpose Counter Machines, Satellite money order network with VSATs and ESMOs in the Post Offices. The Department have also introduced electronic franking

machines in large offices, computerized saving banks operation, postal life insurance operations and has improved stamps and seals in a phased manner.

The Committee further note that in the wake of economic liberalisation and competition, the Department have set up separate directorates for promoting PLI, Business Development and Parcel and Logistics. More than 500 Head POs have been placed in the LAN environment upto X Plan. During X Plan the Department has a proposal to link these POs and also the set of new POs to be computerized through virtual private network to a centralized data centre. The Department has computerised 506 Head Offices, 1266 Sub POs and 69 Centres etc. apart from taking care of core postal transactions, such as booking of registered articles, money orders, acceptance of bills. These machines are also used in various financial services including savings bank operations. The Committee further not that a pilot project for satellite Money Order Scheme—SATMO was executed in the VIII Plan by installing VSATs in POs which is a quick transmission of MOs instead of traditional mode of payment/ transmission of money order, but this facility has not made much headway as only 10% of the MOs are transmitted through VSATs. The Committee feel that there has been dismal feedback regarding the reliability of the VSAT transmission facility and desire that the Department should take concrete steps to popularise and streamline the scheme so that VSATs are utilized to their optimum capacity.

Action taken by the Government

Computerisation of Post Offices

The Department of Posts started computerising its post offices from the early 1990s. The objective of computerisation and networking of post offices is to improve the quality of service.

The Government has approved a plan for induction of computers in 845 Head Post Offices (HPOs), 6861 large Sub Post Offices (SOs), 22 Postal Accounts Offices (PAOs) and 245 major Postal Administrative Offices (AOs) during the 10th Five Year Plan with a financial outlay of Rs. 836.27 crore. The scheme was approved by CCEA in January 2004.

The Department has been able to utilise most of the funds allocated in 2004-05 for computerisation and networking of post offices. An amount of Rs. 116.53 has been spent for computerisation of post offices

in the financial year 2004-05. During 2004-05, 839 HPOs, 1533 SOs, 34 AOs and 19 PAOs have been computerised.

In 2005-06, the Department proposes to computerise more than 3400 Sos. By obtaining special permission from the Ministry of Finance, the Department has placed purchase order at DGS&D rate contract for supplying computers and peripherals in respect of 2860 post offices for the year 2005-06. On finalisation of the new DGS&D rate contract for computers, the Department will computerise the balance post offices as envisaged in the Annual Plan for 2005-06.

Money Order Transmission through VSAT Network

Money orders intended for destinations outside the district of origin are required to be transmitted through the VSAT network. The technology inducted in the 8th Plan was upgraded to provide for High Speed Transmission technology in the 9th Plan. This technology took time to stabilise due to certain teething problems, which, in turn, caused service problems. These problems have since been sorted out and efforts are underway to optimise this network, and ensure speedy delivery of money orders. The functioning of the VSAT system is being monitored on a daily basis at the Circle and Directorate levels.

A latest version of the VSAT money order software (version 4.2) has been provided to Circles, which has special provisions to enable effective monitoring and provide value additions. The critical areas resulting in complaints about VSAT money orders have also been identified and corrective action initiated. One of the main problems was in respect of non-receipt of acknowledgements. In 2003-04, complaints on account of non-receipt of acknowledgements were 54% of the total money order complaints. The concerted action taken in this regard has resulted in drop in percentage of complaints on this account to 47% in 2004-05.

Currently, on an average, 60,000 money orders are transmitted through VSAT Network of 150 VSAT stations and 1350 Extended Satellite Money Order stations. However there have been occasions when the quantum of Money Orders sent through VSAT have touched 95,000/day thereby confirming the system's ability to handle the projected volume of traffic.

Comments of the Committee

(Please see Para 17 of Chapter-I)

Recommendation (No. 11)

Franchising

The Committee have been informed that the Department has a proposal for introducing franchising as a strategy for future expansion of the network. This model will focus on unemployed youths in rural areas, while in the urban and semi-urban areas the scheme will cover the retired employees of the Department among other eligible categories. Such POs will be centred around basic postal services, including value added services, bill collection facilities as well as retailing services on behalf of other organisations. The concept of franchising has evolved because the whole gamut of services could not be provided in the PSSKs which dealt with limited services ranging from stamp and stationary sale to registration of letters only. Further, space is a major constraint in newly emerging urban areas where post offices are not justified as per norms. Franchising would help revenue earning to the Department on the one side as well as giving employment to youth in these areas.

As regards the rural areas the department have stated that it will help cater to segments, which do not justify a post office on population and income norms, despite fulfilling distance norms. It would speed up the computerization process in the rural areas because the franchisee could avail of credit facilities from institution and also from other resources like USO Fund of the DoT, the provision of urban facilities in rural areas (PURA) scheme which will otherwise take a long time if the DoP goes about it on its own.

The Committee are informed that the proposal of franchising is before the Ministry of Communications & I.T. (DoP) for approval. The Committee are happy that the DoP has shown great interest in the scheme and is finding out ways to earn more revenue and get out of the deficit by thinking purely on commercial areas. The Committee at the same time desire that DoP in coordination with DoIT should explore the avenues of setting up of Franchisee Post Offices in Information Kiosks in the States. In this connection, the Committee would not put in a word of caution that before taking a plunge into franchising the DoP should weigh all the pros and cons in this regard. The Committee would also like to be apprised of the views of the Department before they actually go in for implementing the scheme.

Action taken by the Government

The final response of Department of Information Technology to this Department's proposal to use post office as one of the nodal points for its community service delivery centres is awaited. The draft guidelines however indicate that there is no provision to include post offices in this scheme except where no other alternative is available. The Mid Term Appraisal of the 10th Plan also speaks of using post offices for further e-governance initiatives. The Department recognizes the fact that harnessing technology in these rural post offices will enhance their capability to provide services that are relevant to the needs of customers (e.g. information needs, speedier and more efficient financial services etc.) and thereby enhance the revenues. This is also a crucial factor in developing a self-sustainable model in franchising postal services. Hence, these aspects are all being taken into consideration when formulating the franchise model, and will be finalized only after consultation with Ministry of Law etc., wherever required. The Department will appraise the Committee of the Scheme once it is firmed up.

Comments of the Committee

(Please *see* paras 21 and 22 of Chapter I of the Report)

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH THE REPLIES ARE INTERIM IN NATURE

—Nil—

NEW DELHI;
18 July, 2006

27 Asadha, 1928 (*Saka*)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

ANNEXURE I

MINUTES OF THE TWENTY-THIRD SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2005-06)

The Committee sat on Friday, 30 June, 2006 from 1100 hours to 1240 hours in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Nikhil Kumar—*Chairman*

MEMBERS

Lok Sabha

2. Shri Nikhil Chaudhary
3. Shri Mani Cherenam
4. Dr. P.P. Koya
5. Shri G. Nizamuddin
6. Shri Sohan Potai
7. Shri Tathagata Satpathy
8. Shri Ashok Kumar Rawat
9. Shri K.V. Thangka Balu

Rajya Sabha

10. Shri Motiur Rahman

SECRETARIAT

1. Shri P. Sreedharan — *Joint Secretary*
2. Shri Raj Shekhar Sharma — *Director*
3. Shri K.L. Arora — *Under Secretary*
4. Shri Hoti Lal — *Assistant Director*

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee. The Committee then took the following Draft Reports for consideration:

- | | | | |
|------|----|----|----|
| (i) | ** | ** | ** |
| (ii) | ** | ** | ** |

- (iii) ** ** *
- (iv) ** ** *

- (v) Draft Report on action taken by Government on the recommendations contained in their Twentieth Report (Fourteenth Lok Sabha) on 'Functioning and Expansion of Postal Network' relating to the Department of Posts.

3. The Committee adopted the above-mentioned Draft Reports with some amendments/modifications.

4. The Committee, then, authorised the Chairman to finalise and present the above-mentioned Reports to the House in light of the factual verifications received from the concerned Ministries/ Departments on a day convenient to him.

The Committee then adjourned.

ANNEXURE II
(Vide Paragraph No. 5 of Introduction)

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE
TWENTIETH REPORT (FOURTEENTH LOK SABHA)

- | | |
|--|---------------------------------|
| (i) Recommendations/Observations which have
been accepted by the Government:
Paragraph Nos. 1, 3, 8, 10, 13, 15 & 16 to 20 | Total : 11
Percentage : 55% |
| (ii) Recommendations/Observations which the
Committee do not desire to pursue in view
of the replies of the Government:
Paragraph Nos. 2, 9, 12 & 14 | Total : 04
Percentage: 20% |
| (iii) Recommendations/Observations in respect of
which the replies of the Government have not
been accepted by the Committee and which
require reiteration:
Paragraph Nos. 4 to 7 & 11 | Total : 05
Percentage : 25% |
| (iv) Recommendations/Observations in respect
of which the replies are of interim nature:
Paragraph No. : Nil | Total : Nil
Percentage : Nil |